



Death of the salaryman
'The honour and glory of total devotion is seen as almost mindless mediocrity. He is a misfit'



Lovable slugger
'I will probably die an absolute pauper but I will have had a hell of a time'

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Page IX

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MAY 17 / MAY 18 1997



Back to Vietnam
'We stood in the dusk of the temple, listening to a venerable bonze sound his prayer'

Page XVIII



Murderous melting pot
'If I had a derringer in my handbag I might have shot him between the eyes, such was my crossness'

Page XXIV

German turmoil over gold plan

By Peter Norman in Bonn

Germany's three opposition parties yesterday called for the resignation of Mr Theo Waigel, the German finance minister, over the government's controversial plan to revalue the Bundesbank's gold and currency reserves. But Mr Waigel assured an unusually raucous session of parliament that the plan to realise a capital gain from the reserves to help smooth Germany's way towards European economic and monetary union was not "creative accounting" but "acceptable and legitimate". He said the operation would be carried out with "all due caution" to guarantee the financial solidity of the German central bank.

Mr Waigel, who at the end of this month will become the longest serving finance minister in Germany's post-war history, was shown no mercy by the opposition in the Bundestag, the lower house. In a passionate speech, Ms Ingrid Mattaus Maier, the opposition Social Democrats' budget expert, told the packed chamber that Mr Waigel's disclosure on Thursday of a DM118bn (\$69bn) shortfall in budgeted revenues between now and 2001, and his plan to draw on some of the DM60bn of locked up value in the Bundesbank's gold and currency reserves to reduce the public deficit and debt, had plunged Germany into "unprecedented financial chaos".

However, Chancellor Helmut Kohl strongly backed the finance minister, saying his European partners would support the move to raise money from the Bundesbank because they knew that "without Germany, the euro will not work". European Commission officials in Brussels said the move should remove all doubt about Germany's commitment to meeting the EMU criteria. In Italy, where the struggle to meet the criteria has been intense, there was relief that Germany too had been forced to acknowledge difficulties.

The funds would be paid by the Bundesbank in the form of an extraordinary profit into the "redemption fund for historic burdens". There they would offset other public deficits to ensure that Germany's overall deficit stayed below the limit set by the Maastricht treaty's criteria for EMU membership of 3 per cent of gross domestic product. Mr Waigel also outlined more planned privatisations beyond the sale of further Deutsche Telekom shares. These included the postal savings bank, two public housing companies, the federal stakes in Frankfurt, Hamburg and Cologne-Bonn airports and a chain of motorway service centres.

Waigel gambles with reputation, Page 2

Tension rises in Zaire as Mobutu flees



Opposition supporters in Zaire's capital, Kinshasa, cheer on hearing that president Mobutu Sese Seko yesterday surrendered power after 32 years in office. The capital remained tense as it waited for a takeover by Laurent Kabila's rebel alliance. The president officially left on an internal flight but is believed to be heading for exile. Report, Page 4

Blair launches radical N Ireland initiative

By John Kampfer in London and John Murray Brown in Belfast

British officials are to resume contact with Sinn Féin, Mr Tony Blair, the UK prime minister, announced yesterday, in a radical attempt to revive progress towards a political settlement for Northern Ireland. Mr Blair warned the IRA's political wing he was giving them one chance to participate in the talks process. His speech was calibrated to appeal to majority Unionists and minority nationalists alike. He appealed to the Irish government to drop its constitutional claims to Ulster before a deal was reached.

"Unionists have nothing to fear from a new Labour government," Mr Blair told business and community leaders in Belfast. "A political settlement is not a slippery slope to a united Ireland."

Mr Blair said he did not expect to see Northern Ireland outside the UK in his lifetime. However, nationalists' concerns could be met by establishing cross-border institutions that would give Dublin a greater say in the North's affairs.

"The settlement train is leaving," he warned Sinn Féin. "I want you on that train. But it is leaving anyway, and I will not allow it to wait for you. You cannot hold the process to ransom any longer."

Peace: a chance, Page 5
Editorial Comment, Page 6
Good start, Page 6

Jospin treads lightly round the European question

By David Owen in Paris

Emmanuelle had to wait a long time for the answer to what was, all things being considered, a simple enough question.

"The Europe of the Socialists is what?" asked the young woman at the start of a set-piece rally for youth in a hangar-like concert hall at the futuristic Parc de la Villette in north-east Paris.

Nearly an hour later, Mr Lionel Jospin, the Socialist leader, had spoken a great deal about the need to make

a priority of education and training. He had inveighed against the broken promises and "offshores" of the right. He had even promised to lower VAT on records.

But he was still no closer to satisfying Emmanuelle's curiosity.

That came the moment. Yes, the Socialist party was the party of Europe - but not of any old Europe.

No, it would not consent to a Europe that would break up France.

Yes, it wanted a Europe that was open to the world

and neither dominating nor imperial. And that, more or less, was that.

With a deft linking reference to "the people of the third world", Mr Jospin was off, rhetorically speaking, to the dark continent and an admittedly unexpected promise to "transform France's African policy".

In a speech that was about an hour long, he had devoted a minute or less to Europe, in spite of a direct request to set out his position.

His performance helps

explain why many disgruntled French voters appear to be concluding that electing a Socialist government would not lead to significant change on this potentially central issue.

Many grumpily blame the centre-right and its single-minded push to meet the Maastricht criteria for European monetary union as the cause of their stagnant living standards and France's moribund economy and record unemployment.

Yet no leader of the party of François Mitterrand and

Jacques Delors could full-bloodedly condemn the policy, no matter how popular - and populist - it might be.

Instead, Mr Jospin offers a weak form of Euroscepticism, ruling out a new set of austerity measures as a means of achieving Maastricht's budget deficit criterion of 3 per cent of GDP without calling into question the overall policy goal.

The rally gave an insight into Mr Jospin's campaigning style, as he struggles to overcome the right's huge parliamentary majority. It

was a workmanlike but uninspiring performance from a man in a grey suit.

The Socialist leader is a fluent and accomplished speaker, but there is a touch of the automaton about him. Instead of basking in his first burst of sustained applause, he used it as an opportunity to remove his wristwatch and lay it beside his speaking notes.

None of this worried the hundreds of placard-waving acolytes whose premature victory chants reverberated into the muggy Paris night.

Nevertheless a straw poll of those present uncovered as many prospective Green voters as Socialists for the first round of the elections on May 25.

If Mr Jospin cannot win over such a sympathetic audience on the warmest evening of the year, he faces an uphill struggle to win the votes of enough of the increasingly sceptical and morose French electorate to bring the left back to power.

Government's election nerves, Page 2

News General

Clinton hails budget deal

A formal agreement between the White House and Republican leaders in Congress on balancing the budget by 2002 has laid the ground for the US economy to continue to surge ahead, President Bill Clinton said yesterday. "Only by finishing the job of putting our fiscal house in order could we keep our economy thriving for all Americans," an ebullient Mr Clinton added. He also assured Democratic supporters that the deal, which clarifies and consolidates a verbal understanding reached two weeks ago, kept intact his plans for spending on education. Page 3

Sino-French accord likely to upset US China and France have signed a joint declaration aimed at forging a closer partnership to promote political and economic interests and counter US influence. France's decision to lend its name to a communiqué opposing US domination seems likely to irritate Washington. Page 3

Nomura focus hints at shift Japanese media glee over the arrest of three former Nomura executives for alleged payments to extortionists may signal a shift in national attitudes to corporate reform amid suggestions that other securities companies and banks had similar *sokaiya* links. But there remains little discussion of corporate Japan's deep reluctance to provide information to shareholders, which is at the heart of the problem. Page 7

A lifejacket for surfers Internet users are not surfing but drowning. The average time spent at a site is reckoned at three minutes, suggesting the Internet is proving a frustrating experience for users. About a quarter of Americans who have tried it are no longer current users, according to market researchers FIND/SVP. Page 7

Grappling with Russia's mightiest company

As Mr Boris Nemtsov, Russia's energetic first deputy prime minister, tells it, this week's explosive confrontation between the government and Gazprom, was triggered by his discovery of a secret management agreement governing relations between Gazprom and the state. "But this is theft!" thundered President Yeltsin, when details of the agreement were explained to him.

A behemoth tamed, Page 7

News Business

Ebner's Winterthur stake

Switzerland's best-known corporate predator Martin Ebner has spent more than SF1bn (\$700m) to acquire a 14.5 per cent stake in Winterthur, the country's third-biggest insurer, whose performance has lagged behind that of its bigger Swiss rivals. BK Vision and Stillhalter Vision, two publicly quoted investment funds controlled by Mr Ebner, acquired the 14.5 per cent stake since the start of the year. Page 24

Eurotunnel dividend in 2006? Eurotunnel, operator of the English Channel tunnel, is hoping to pay its first dividend in 2006 if a £3.5bn (\$12.8bn) restructuring is approved by its shareholders and bankers. Documents to be sent to shareholders this month are expected to show the company hopes to break into profit by 2005 or 2006. Analysts say if revenues fall to grow as expected, a dividend could be delayed until 2011. Page 24; "Arson" hint, Page 5

BP \$1bn solar energy drive British Petroleum, regarded as one of the more environmentally aware oil companies, will on Monday announce a plan for a massive increase in sales of solar energy-generating technology from \$100m to \$1bn over the next decade. Chief executive John Browne will unveil the target in a speech at Stanford University in California on global warming. Page 24

European stocks set new highs on low interest rates European stock markets set six record highs, though an initial bout of weakness on Wall Street took some of the shine off bourses. Among the winners was London, where the FTSE 100 index set an intra-day peak of 4,728.7 and a closing high of 4,683.9. Low interest rates and the prospect of economic recovery have been pushing European markets ahead, though there is some nervousness about knock-on effects from Wall Street if the Fed raises US interest rates. Lex, Page 24; World stocks, Page 20

Coffee prices feed through to the shops A sharp rise in world coffee prices is beginning to hit consumers as retailers and manufacturers pass on their costs. UK coffee retailer Whitbread put its prices up by 14 per cent. Douwe Egberts, the Dutch manufacturer, raised its prices in France, while the German coffee industry association DEK warned that retail rises looked inevitable. Page 15

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NEWS: EUROPE

Brussels cautious on Germany's gold ploy

By Lionel Barber in Brussels

Germany's surprise plan to revalue its gold reserves and foreign-denominated assets to support its deteriorating public finances reopens the debate over whether fiscal laggards – notably Italy – will end up joining Europe's economic and monetary union through the back door.

The European Commission was staying mum on whether Germany was engaged in "creative

accounting", but the first response was to give Bonn the benefit of the doubt. European Commission officials said the move should remove all doubt about Germany's commitment to meeting the criteria to join the Euro, notably the public deficit target of 3.0 per cent of gross domestic product. "This is the number one message," said one.

Germany's revaluation of its gold reserves would yield an extraordinary gain,

reducing a portion of the country's huge debts arising from German unification. In 1995, these debts were moved into the general government deficit as defined by the Maastricht treaty. Hence the potential critical impact on this year's public deficit target.

What is unclear is whether Mr Theo Waigel, finance minister, can push through the plan in time to reduce the 1997 deficit – the year on which countries seeking to

enter the Euro will be partially judged – or whether the effect will be delayed until 1998.

Officials acknowledged that the Commission would have to tread carefully on the issue. The Italian government has already attacked Brussels for allegedly favouring France and Germany in its predictions on which countries would meet the Euro criteria.

Last month, the Commission forecast that both

France and Germany would achieve pin-point landings on the 3 per cent deficit target in 1997 while Italy fell marginally short at 3.2 per cent.

Last year, the Commission gave the thumbs-up to the French government's move to reduce its 1997 budget deficit by nearly 0.5 per cent through a one-off payment from France Télécom of FF237.5bn (\$6.57bn). The payment to the government covered the transfer of future

pensions liabilities. The European Commission and the European Monetary Institute (EMI) in Frankfurt – precursor of the European Central Bank – will make recommendations on which countries meet the Maastricht criteria in March 1998. EU leaders will make their choice in May 1998.

In the light of the latest budget manoeuvres, the EMI and the Commission are certain to attach even more importance to the question

of "sustainable convergence" – whether countries are on a credible path to fiscal consolidation rather than hitting the deficit target only in 1997.

In this sense, Italy's fate is more likely to be determined by whether the centre-left government can secure passage of a credible plan to return pensions than one-off measures such as the Euro-tax to bring the 1997 deficit within a whisker of 3 per cent of GDP.

Italians amused as Bonn conjures up assets

By Robert Graham in Rome

Italy was more inclined to laugh than cry yesterday at the controversy caused by Germany's revaluation of its gold reserves.

Having run the gamut in Brussels for its own creative accounting, the Italian government declined to issue a formal comment. But the lira strengthened as financial markets speculated that Italy had a better chance of joining the European single currency when it is launched.

A government figure said: "You would not expect us to comment, as the government has already pledged to hit a deficit of 3 per cent of gross domestic product this year and come up with the measures in the 1998 budget to be below zero." The German move on gold and the sale of a second tranche of Deutsche Telekom shares nevertheless caught the Italian political and business establishment completely by surprise.

In private the immediate reaction among politicians was a sense of relief that the Germans, too, had been forced to acknowledge their problems in meeting the Maastricht criteria for European monetary union.

But technicians preparing Italy's new three-year macro-economic programme were more cautious. They pointed out the kind of accounting devices proposed by the Germans would tend to force up interest rates – a sensitive issue for Italy, which has the highest rates and largest debt stock among big EU economies.

Italy's macro-economic programme, including the 1998 budget deficit target, is to be unveiled next week. The government yesterday anticipated one measure to save L3,000bn (\$1.7bn) in 1998 by imposing a one-year block on 32,683 teachers who wanted to retire early.

Reserve revaluation will catapult Bonn from rags to riches, but at what cost, asks Peter Norman

Waigel gambles with reputation for prudence

"Ten out of ten for ingenuity. One out of ten for credibility." This was the damning verdict of Mr John Llewellyn, London-based chief economist of Lehman Brothers, the US investment bank, on the German government's plan to draw on the Bundesbank's gold and monetary reserves to help plug the country's deficits.

For while many details of the proposal by Mr Theo Waigel, the finance minister, remain obscure, it is already clear that one of his goals – that of keeping the public deficit below the Maastricht treaty limit of 3 per cent of gross domestic product this year – can only be achieved through a generous interpretation of the procedures for transferring national gold and currency reserves to the future European central bank.

On Thursday, the Bundesbank said Mr Waigel's dash to the regular meeting of its central council was for a preliminary discussion about revaluing the bank's gold and currency reserves in the context of the transfer of responsibility for running monetary policy to the European central bank when the single currency starts in January 1999.

In the closing minutes of his press conference later that afternoon, Mr Waigel hinted he hoped to use the proceeds from such a revaluation to keep the deficit below 3 per cent of GDP this year.

After receiving the unanimous support of the government MPs for his handling of the public finances late on Thursday night, the minister was more precise.

The MPs had approved his idea

of an upvaluation of the gold and currency reserves, the minister reported. "Thus it is more or less certain that there will be no problem with the Maastricht deficit criterion this year," he said.

But to achieve this goal, Mr Waigel will have to amend the Bundesbank law and initiate a revaluation of its reserves well before other central banks in the European Union.

Behind a formal wall of silence, there was ill-concealed dismay at the Bundesbank that the issue of revaluing reserves had been directly linked with the government's difficulty in meeting the Maastricht debt and deficit criteria.

While the minister spoke on Thursday of a legitimate harnessing of 50 years of savings, the feeling among bank economists and central bank officials was that he was playing fast and loose with the Bundesbank's hard won credibility.

"He just won't be credible if he really does intend to draw on the reserves this year," said Mr Hermann Remperger, chief economist of the BHP-bank in Frankfurt. Behind a formal wall of silence, there was ill-concealed dismay at the Bundesbank that the issue of revaluing the reserves had been directly linked with the government's budget crisis and its difficulty meeting the Maastricht criteria.

Changing the Bundesbank law may be less of a problem than originally thought. The legislation cannot be blocked by the Bundesrat, the second chamber of the Bonn parliament dominated by states led by the opposition Social Democrats. The support given to Mr Waigel by the government parties on Thursday night should give him a free hand in the Bundestag, the lower house.

But realising an extraordinary gain in the Bundesbank accounts and transferring it to Bonn in time to have an effect on the 1997 Maastricht deficit could be messy.

The Bundesbank publishes its yearly accounts each April, when it transfers a substantial part of its profit to Bonn. To affect the 1997 deficit, it would probably have to draw up special accounts with new values for its gold and foreign currency before the end of this year, declare an extraordinary gain, and transfer this in the form of cash to Bonn.

While technically feasible, such action would hardly be edifying. The Bundesbank would be acting before the rules for a revaluation of the reserves have been formally

adopted by the council of the future European central bank – due only in 1998. Also the German central bank would appear to be the creature of the government rather than a truly independent European central bank.

But while the procedures for upvaluing the gold and currency reserves this year might appear suspect, there was little doubt in Bonn yesterday such a move and transfer of profit to Bonn would count both to reduce the deficit and the debt levels in line with Maastricht.

The finance ministry said the transfer would be defined as a "surplus" in terms of Germany's national accounts. Once booked as a surplus in the special "redemption fund for historic burdens" it could offset deficits elsewhere in the public finances. The funds would also be available to reduce Germany's public debt, which is slightly above the 60 per cent of GDP prescribed by Maastricht.

On paper, the plan to revalue the Bundesbank reserves has catapulted Mr Waigel from rags to riches. The Bundesbank's gold is valued around DM42bn (\$24.8bn) below current market prices while its \$57.8bn holdings are in the books at DM1382, nearly DM20bn below yesterday's market value.

The finance minister pledged yesterday that the reserves would be revalued prudently to cover all possible risks facing the Bundesbank. With German financial policy now raising more questions than answers, the markets will watch closely to see if Mr Waigel is as good as his word.



Some explaining to do: Waigel addresses MPs as Kohl looks on

Right fears Juppé protest vote

By David Buchanan in Paris

France's government displayed growing nerves yesterday at the prospect of a big protest vote against its prime minister, Mr Alain Juppé, in the first round of the parliamentary elections on May 25.

Mr Juppé has virtually dropped out of next week's campaigning. With his first three weeks on the road proving a mixed success, he is due to address only one more big meeting, on Thursday, before the first round.

The centre-right government is still likely to win a majority of the 577 National Assembly seats on June 1 – the second and final round of voting – according to the polls, which the Paris Bourgeois clearly credits. The CAC-40 index has broken successive records in the

past four days. But Mr François Léotard, president of the UDF federation allied to Mr Juppé's RPR Gaullist party, warned voters not to be carried away by "caprice or momentary bitterness", because they were determining France's course for the next five years.

Mr Edouard Balladur, who preceded Mr Juppé as prime minister, cautioned centrist voters against abstaining, he said, was "the biggest risk in this election". The first round generally sees a widely dispersed vote – often a kind of protest vote – which then regroups around the remaining candidates in the run-off.

Mr Lionel Jospin, the Socialist leader, urged left-wing voters to retain hopes of victory. "Nothing would be worse than not to change [the country], not to seize

this indispensable turning point" provided by President Jacques Chirac's sudden decision last month to call a snap election," he wrote in yesterday's *Liberation* newspaper.

Voters may increasingly be put off by the mainstream politicians' use of the far-right National Front to smear each other. Earlier this week, Mr Jean-Marie Le Pen, the Front leader, said he would prefer to see the left win to block the Chirac administration's pro-European projects. Mr Jospin denied any association or overlap with the NF. "If there is any leakage, it is between the ideas of the far-right and the right, never with the left's ideas," he said.

This prompted a comment from a junior Gaullist that while Mr Jospin "does not

like the ideas of Mr Le Pen on the hustings, he is delighted about Mr Le Pen's votes in [his] ballot box".

Earlier in the campaign, Mr Jean-Louis Debré, the hardline Gaullist interior minister, had suggested immigrants were, figuratively, raiding French people's refrigerators – an eerie echo of a recent Le Pen metaphor likening immigrants' entry into France to birds flocking to a cherry orchard.

Mr Jospin noted that Mr Bruno Mégret, the NF number two, was once a Gaullist, while the Gaullist mayor of Nice, Mr Jacques Peyrat, is recently ex-NF.

"If you open Debré's fridge," Mr Jospin told a rally, "you will find Mr Mégret in the freezer and Mr Peyrat among the fresh products."

Moscow's mayor elusive as London waits in vain

By Arkady Ostrovsky in London

The red carpet was set yesterday for Mr Yuri Luzhkov, the all-powerful mayor of Moscow, at the Russian capital's 850th anniversary conference in London.

The man who many believe could be a successor to Mr Boris Yeltsin as president of Russia was expected to come to promote Moscow's debut \$400m eurobond to be launched next week.

Senior western bankers and analysts were eagerly awaiting the mayor's keynote speech at the conference, called to discuss new opportunities in finance, investment and trade.

He was also supposed to challenge Mr Richard Branson, head of the Virgin group, to a tennis match and fly by helicopter – courtesy of BP – to the FA football cup final at Wembley, according to Mr Joseph Orjonikidze, head of his city's international relations department. A royal suite costing about £2,800 (\$4,600) a night was booked at the Lansborough hotel.

But at the last minute Mr Luzhkov failed to show up. The official Moscow line

was the mayor was detained in Russia by Mr Yeltsin, who asked him to attend an important meeting. But many western bankers suggested that the real reason was rather different. They were convinced that Mr Luzhkov cancelled his trip because neither the Queen nor Mr Tony Blair, the British prime minister, would see him.

Mr Ralph Land of the Russia-British Chamber of Commerce said the mayor's absence would affect the

credibility of the Russian market. "It is very disappointing Mr Luzhkov did not come to his own conference. It affects the reputation of Moscow and makes it much more difficult for the Russians to find an appropriate audience in the future," he said.

Mr Gene Chayevsky, vice president of the Westminster bank, said: "I am disappointed but not surprised. We come across this kind of attitude from Russian officials all the time."

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Weekend FT

هكذا من النجف

Clinton pulls off budget success

By Bruce Clark
in Washington

A formal agreement between the White House and Republican leaders in Congress on balancing the budget by 2002 has laid the ground for the US economy to continue to surge ahead, President Bill Clinton said yesterday.

"Only by finishing the job of putting our fiscal house in order could we keep our economy thriving for all Americans," an ebullient Mr Clinton said.

Mr Clinton also assured Democratic supporters that the deal, which clarifies and consolidates a verbal understanding reached two weeks ago, kept intact his plans for educational spending.

The agreement, which will now be subject to detailed wrangling in the House and Senate budget committees, caps a week of domestic and foreign policy success for the president, including a landmark deal between Russia and Nato.

The budget deal represents a tactical success for the president. It guarantees that a net tax cut of \$50bn will include \$35bn in deductions and credits that will help families pay for higher education.

Republicans, for their part, were able to nail down some of the tax reductions which their supporters have strongly demanded - a \$500 per child tax credit, a "broad-based permanent" reduction in capital gains tax and relief from inheritance taxes.

But the deal leaves the president with \$32bn in discretionary spending for domestic policy initiatives, and puts a ceiling of \$250bn on the total net tax cut over the next decade.

Republicans had argued that even if this month's informal deal was successfully implemented, the budget was bound to dip into the red again after 2002 because of



Clinton yesterday: putting fiscal house in order

over-zealous tax cuts.

Solid economic growth was underlined by news yesterday that housing starts rose by 2.6 per cent in April to give an annual, adjusted level of 1.47m, in excess of market expectations.

However, there was a sharp regional variation, with starts jumping 11.3 per cent in the south but falling by 7.4 per cent in the north-east, against a background of fears among builders that the Fed may nudge interest rates higher.

Mr Clinton said the success of the five-year economic strategy he launched in 1993 was "no longer subject to reasonable debate" - with unemployment at its lowest level for 24 years and the slowest inflation for 30 years.

But the president, apparently feeling vulnerable to charges of a sell-out from liberals, said the budget deal, despite shaving \$130bn from health spending, did not mean sacrificing social and quality-of-life ideals.

He said the agreement included welfare-to-work tax credits, provisions to clean up 600 toxic waste sites, support for community-service jobs in areas of high unemployment and promoting literacy and computer skills among the young.

Closer partnership between Beijing and Paris seen as seeking to counter Washington's influence

Sino-French accord likely to upset US

By Tony Walker in Beijing

China and France yesterday signed a joint declaration aimed at forging a closer partnership to promote political and economic interests and counter US influence.

France's decision to lend its name to a communiqué opposing US domination seems likely to irritate Washington, which may be concerned about implications for the western alliance.

This is Beijing's second such joint declaration in a

month. China and Russia signed a strategic partnership agreement in April that used similar language.

China and France pledged to "engage in reinforced co-operation, to foster the march toward multipolarity... and to oppose any attempt at domination in world affairs".

"At the dawn of the 21st century, the time has come for France and China to (build) a long-term global partnership aimed at moving French-Chinese relations into a new phase of develop-

ment," the statement said.

The communiqué did not mention the US directly, but the implication is clear. China's interest in drawing countries such as France into a closer partnership is based partly on a desire to counter US pressure on human rights and trade.

Mr Jacques Chirac, the French president, and President Jiang Zemin of China signed the declaration. It followed conclusion on Thursday by French companies of agreements worth about \$2bn, including the sale of 30

Airbus airliners for \$1.5bn. France's aggressive attempts to advance its commercial interests in China, including its decision to soft-pedal its opposition to human rights abuses, set the stage for the flow of contracts.

Western officials in Beijing were sceptical of the joint declaration, saying the wording was "grandiloquent" and had little practical value. One diplomat described the document as "empty".

But Chinese officials say the accord, the "joint French-China declaration for

a global partnership", will construct a "framework" for consultations and closer co-operation. The agreement provides for annual ministerial-level consultations, "closer consultation" between permanent representatives at the United Nations, and regular meetings between senior officials.

The two sides also pledged to improve access for their products to each other's markets, and to co-operate to improve the environment, combat drug trafficking and support the further

liberalisation of trade.

The communiqué made brief reference to differences on human rights, saying that both sides should respect the universality of human rights "while at the same time taking fully into account particularities on all sides".

However, France "noted with satisfaction" China's decision to sign the UN covenant on Economic, Social and Cultural Rights and to consider acceding to the UN covenant on Civil and Political Rights.

India plans controls on foreign broadcasters

By Mark Nicholson
in New Delhi

India yesterday outlined plans to bring foreign satellite television under regulatory control.

The world's second most populous country receives more than 30 satellite channels, most of them originating from Hong Kong or Singapore.

Mr Jaipal Reddy, information and broadcasting minister, announced a draft law

establishing a new regulatory regime for broadcasting. The law would set up an independent statutory broadcasting authority to enforce and monitor the new rules.

It would also limit cross-media ownership to a 20 per cent stake and restrict foreign broadcasters to minority holdings in Indian TV ventures.

Almost all foreign satellite channels, such as Mr Rupert Murdoch's Star TV, would

have to originate broadcasts from within India, and would need a licence to do so.

Mr Reddy said the aim was to put controls on satellite channels which had been "beaming their programmes through the Indian skies to our people" without "any regulation through the law of our land".

US and British broadcasters have lobbied fiercely against the proposals. Both

the British and US ambassadors this week approached Mr Reddy about the bill.

A 15-strong group of broadcasters, including the US sports channel ESPN, CNBC, MTV, News Television India (Star TV), and Turner International, meets tomorrow to discuss the bill. The group is preparing an alternative draft law which it is to present to the government.

Mr Reddy said this week

the aim was "not to ban foreign channels or make it difficult for them, but to regulate". The bill now goes before a parliamentary committee as a "working draft".

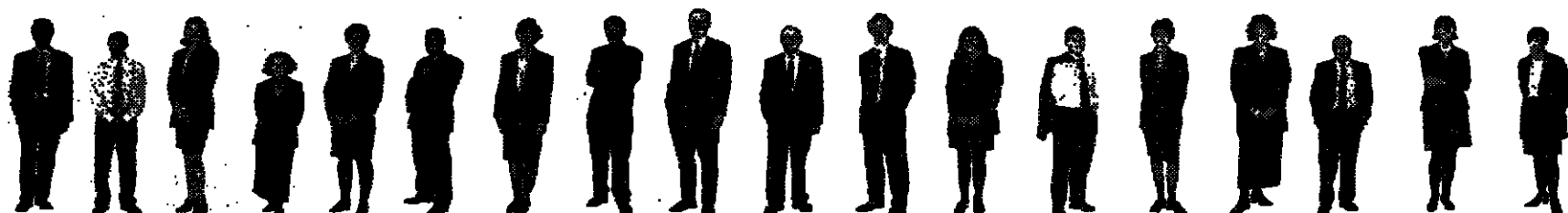
The bill allows exceptions for channels which carry no charges or advertising or which are devoted to sport or news.

The new law would also require broadcasting to home satellite dishes, such as Star TV's India Sky

Broadcasting, to be licensed. About 27m Indians are believed to have access to satellite TV.

Mr Reddy said the new law was designed to meet concerns about unregulated television and the denial of a level playing field to Indian broadcasters.

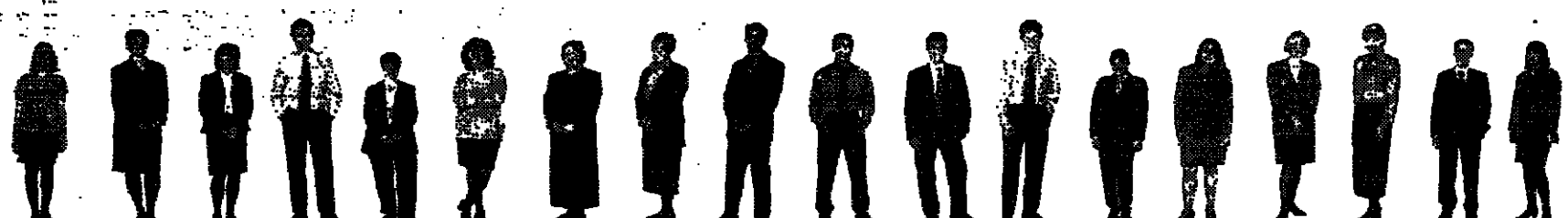
He said the law would supersede the "totally inadequate" 112-year-old Indian Telegraph Act, the sole legislation in the area.



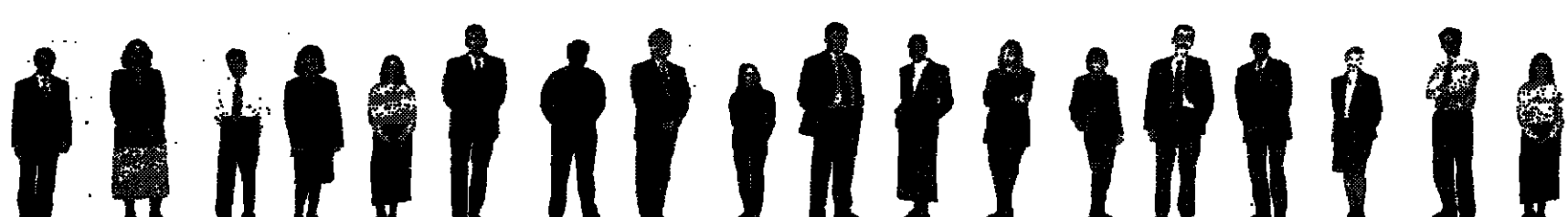
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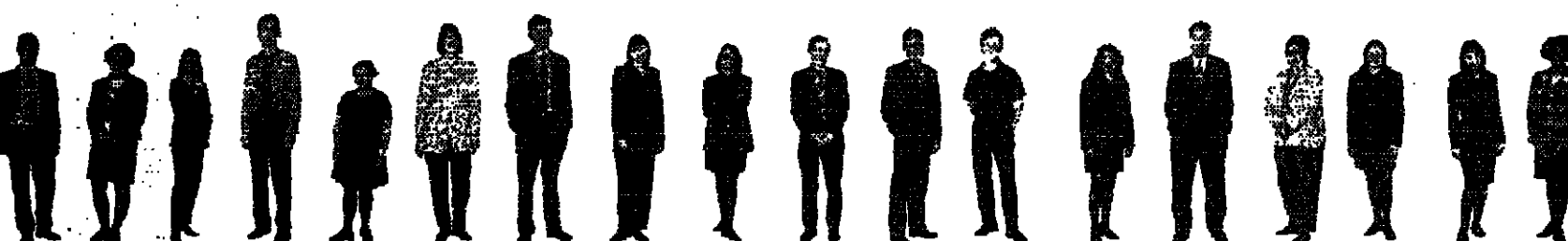
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Not bad for a first day



Templeton
Templeton Global Strategy Funds
Société d'investissement à capital variable
26, boulevard Royal, L-2449 Luxembourg
R.C. B 35 177

Shareholders of Templeton Global Strategy Funds (the "Company") are hereby informed that the Board of Directors of the Company has determined that, in accordance with Article 28 of the Articles of Incorporation of the Company, the Templeton Global Strategy Fund and the Templeton Global Balanced Fund (the "Funds") will be merged, the former being closed down by contributions into the latter, with effect from June 16, 1997 (the "Merger Date").

The Board of Directors of the Company considers that this merger is justified both legally and economically and is in the best interest of the Shareholders. Indeed, the merger will, inter alia, contribute to improved economic administration and it is expected that the combination of these two Funds will result in an increase of the net assets of the Fund.

As a result of the merger, the investment objective of the Fund will be amended. After the Merger Date, its main features will be as follows:

- The investment objective of the Fund will be to seek capital appreciation and current income, consistent with prudent investment management, by investing principally in equity and corporate debt securities and, to a lesser extent, government securities issued by entities throughout the world. The Investment Manager (see below) anticipates that the majority of the Fund's portfolio will normally be invested in equity or equity-linked securities, including debt or preferred stock convertible or exchangeable into equity securities, selected primarily on the basis of their capital growth potential.
- The Fund will seek income principally by investing in fixed or floating rate securities and debt obligations of government, government-related and corporate issuers in countries around the world. The Fund may purchase U.S. Dollar and non-U.S. Dollar denominated equities, fixed income securities and debt obligations. The base currency of the Fund will be U.S. Dollars.
- It is anticipated that under normal circumstances distributions will be made quarterly in the case of the Shares relating to the Fund.
- Templeton Investment Management Limited will act as investment manager (the "Investment Manager") to the Fund.
- The Investment Manager will receive from the Company a monthly fee equivalent to 1.25 % per annum of the Fund's average daily net assets during the year.
- The Shares of the Fund will be offered as Class A Shares and will be available in registered and bearer form.

Shareholders who do not concur with this change, may, from May 16, 1997 and until the Merger Date, continue to request, free of charge, the redemption of their Shares of the Fund or the exchange of such Shares (into Shares of other Funds of the Company, details of which can be found in the current Prospectus) provided that such Funds have obtained recognition for marketing in the Shareholders' jurisdictions.

Templeton Global Advisers Limited will bear the costs associated with the merger.

For further information, Shareholders are invited to contact their nearest Templeton office:

| | | | |
|--------------------------|-------------------------|-----------------------|------------------------|
| Edinburgh | Frankfurt | Hong Kong | Luxembourg |
| Tel: (44) 01875 23 22 22 | Tel: (49) 069 272 23 22 | Tel: (852) 2877 7733 | Tel: (352) 46 66 67 22 |
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| Fax: (44) 181 226 4200 | Fax: (33) 1 47 47 47 47 | Fax: (1) 415 774 1000 | Fax: (1) 202 774 1000 |

The Board of Directors

The Financial Times plans to publish a Survey on

Management Buyouts

on Friday, May 30

For further information, please contact:

Alan Cunningham
Tel: +44 171 873 3206
Fax: +44 171 873 4296

or your usual Financial Times representative

FT Surveys

NEWS: INTERNATIONAL

Zaire's dictator surrenders power

By Michela Wrong
in Kinshasa

Zaire's president Mobutu Sese Seko yesterday surrendered power after 32 years in office, leaving a tense and uneasy capital anxiously awaiting a takeover by Mr Laurent Kabila's rebel alliance.

Reports of his departure – just three days before the deadline for his resignation set by Mr Kabila – were swiftly followed by a government announcement that the ailing Mr Mobutu was now president in name alone.

Mr Kin-Kley Mulumba, the information minister, told a news conference after a cabinet meeting on the transition of power. "The president... has ceased all intervention in the affairs of the state."

The statement came a few hours after Mr Mobutu, accompanied by members of his family, had boarded the

presidential jet – officially bound for his palace in Gbadolite, but believed to be heading for exile in Morocco or France.

Mr Mobutu's political powers have been transferred to the military government of General Likulia Bolongo, the information minister said, and Archbishop Laurent Monsengwo, the parliamentary speaker, was empowered to negotiate the transition with the rebel movement pressing at Kinshasa's gates.

The president's flight, which coincided with the departure of General Ndzambi Ndzambi, the commander of the presidential guard who boarded a speedboat for neighbouring Brazzaville, effectively decapitated the elite force, the only one which is capable of putting up a serious defence.

However, until the 5,000-strong force has been disarmed, the threat of bloodlet-

ting by troops remains.

General Mabele Bokungu, one of the army chiefs who triggered Mr Mobutu's flight by telling him they could no longer assure Kinshasa's defence, has been in discreet contact with the rebels for weeks. He said yesterday he saw no reason to sacrifice a city of 5m for one individual.

But the confusion on Thursday night when, according to Kinshasa-based diplomats, General Mabele was set to announce a compromise with the rebels but drew back at the last moment, indicates the army chief of staff does not yet have a unanimous backing. "It is not yet a done deal," said a diplomat. "The government is in a state of disarray. The risks are still there but we are counting on General Mabele to behave in a responsible manner."

Last night the spell of the man who liked to be known as the "Leopard" still held,



A presidential guard unit led by Mobutu's son heads for the airport early yesterday

with the belief that Africa's greatest post-independence survivor could yet rise, vampire-like, from his political grave. "He has always been complicated, unpredictable," said Jerome, a tradesman in Kinshasa's bustling Rue du Commerce. "We will only believe he has really gone when Kabila is here."

Residents also know that the interval between his departure and the installation of a new government

represents a dangerous time. Companies closed early yesterday, sending workers home well ahead of curfew, and western embassies were braced to order the evacuation of the expatriate community. "The transition period is when we are most likely to see looting by retreating troops or a vicious settling of scores by the defeated side," said a military analyst.

Following Thursday's

meeting between South African president Nelson Mandela and Mr Kabila, negotiators were yesterday refining a proposal detailing the terms of a handover of power.

But the fast-moving military situation may well outstrip a formal accord. The rebels were yesterday reported to be pushing government forces back from Nsela, 30 km east of Kinshasa's airport.

INTERNATIONAL NEWS DIGEST

Albanian poll law boycotted

Albanian opposition parties yesterday boycotted the parliamentary vote on a new electoral law and threatened not to take part in the general election set for June 29. Fresh elections are regarded as the key to restoring order in Albania, which plunged into violent anarchy earlier this year in the wake of the collapse of a series of fraudulent pyramid finance schemes. Mr Franz Vranitzky, the international envoy to Albania, left Tirana yesterday after failing in two days of talks to find a consensus among the country's feuding political parties.

Mr Vranitzky said "free and fair elections are the only solution to the continuing political and economic crisis". He said the international aid effort to Albania could be jeopardised if the parties failed to agree on the electoral process.

Kevin Done, East Europe Correspondent

Nato ratifies Russia accord

Nato governments yesterday formally approved an accord setting out the terms for a new security relationship with Russia as the alliance expands to take in some of Moscow's former allies in central Europe. The 16-page document, entitled the Founding Act on Mutual Relations, Co-operation and Security, was agreed in Moscow on Wednesday. Under Nato ratification procedures it was then subject to a 48-hour delay during which any of the 16 member states had the right to raise objections.

The deadline passed yesterday without problems, clearing the way for the accord to be signed at a special summit in Paris on May 27. Nato is due to issue the first membership invitation in July. The Czech Republic, Hungary and Poland are clear favourites to be brought into the alliance by 1999.

AFP, Brussels

Kazakh oil pipeline deal

The private oil producers in the Caspian Pipeline Consortium yesterday signed an agreement in Moscow committing themselves to financing the 1,500km pipeline needed to exploit the vast Tengiz oil field in Kazakhstan. The pipeline will cost about \$4bn to build. The huge project will enable Kazakhstan to transport its oil to the Russian port of Novorossiysk on the Black Sea coast giving it access to world markets. The pipeline is forecast to become operational by late 1999.

The consortium estimates the pipeline will yield \$23.3bn in tax and dividends to Russia during the course of its operation, with Kazakhstan earning \$3bn. The Russian government has a 24 per cent stake in the consortium while Kazakhstan owns 19 per cent and Oman 7 per cent. But the initial \$3bn construction costs will be provided by the private members of the consortium with possible help from multinational agencies. The consortium's principal private shareholders include Chevron, Lukaroc (a joint venture between Lukoil and Atlantic Richfield), Rosneft-Shell and Mobil.

John Thornhill, Moscow

Thailand to ease liquidity

The Thai government plans to announce measures on Monday aimed at easing liquidity in the financial markets and taking some selling pressure off the Thai stock market, central bank officials said yesterday. Local interbank rates were 18 per cent and the central bank urged Thai commercial banks to charge swap rates of more than 1,000 per cent to foreign clients. The shortage of baht helped stabilise the currency to B25.85 to the dollar, close to the central bank's official trading band. The Thai stock market fell 7 per cent this week on worries that the high interest rate policy used to defend the baht would end up hurting the private sector.

Mr Chaiyavatt Winitwattana, deputy governor of the Bank of Thailand, said the high swap rates were targeted only at speculators.

Ted Bardache, Bangkok

Dying days in the dinosaurs' watering hole



Michela Wrong reports from Kinshasa's Hotel Intercontinental, fading symbol of a corrupt regime

The pianist no longer plays in the Hotel Intercontinental in Kinshasa.

For the rest of us this is bad news. His mournful demeanour and melancholy tunes seemed an integral part of breakfast. He had been a seemingly permanent fixture of the hotel for longer than anyone cared to remember. His sudden, unexplained absence is a reminder that something serious and permanent is

under way.

Maybe it is just the twisted vision of the travelling journalist, but African capitals seem to specialise in symbolic hotels which, for months or years, act as microcosms of their countries' tumultuous histories.

They are buildings where atrocities are committed, coup d'états consecrated, embryonic rebel governments lodged – and when the troubled days are over, they still somehow offer croissants, coffee and CNN in most rooms.

In Burundi, it is the Novotel, where the drowning-deep swimming pool is a reminder that long-limbed Tutsis run the country. In Rwanda, it is the Milles Collines, where the management fought to stop its guests being taken out and slaughtered by Hutu militia during the genocide.

In Zaire, whatever the attractions of the more conveniently located Memling, the honour undoubtedly falls to the Hotel Intercontinental. As much a symbol of President Mobutu's regime as his leopard-skin hat, it is a distorted mirror of the capital as it awaits the rebels' arrival and the end of an era.

It was Kinshasa's first five-star hotel, set up with a 50 per cent stake by the Zairian government, which recognised a cash cow when it saw one.

Before the economic crisis really began to bite, it was a favourite watering hole for the "dinosaurs" – the Zairian elite that grew fat during Mobutu's regime. With their regulation gold-embossed sunglasses, trilling mobile phones and tinted-window jeeps, they carelessly ran up government accounts, leaving the management to chase payment for years.

During the 1981 and 1983 looting that devastated the city – terrifying landmarks that serve as historical reference points for ordinary Zaireans – President Mobutu's elite guards ringed the grounds and saved the hotel from destruction. The MPR, the former ruling party, rents a set of rooms here and on at least one embarrassing occasion for management, a handcuffed prisoner has been spotted in the lifts, being taken upstairs for interrogation.

Like the medieval castles that kept a bedchamber permanently waiting for the

monarch, there is a special presidential suite on the top floor, always ready to host "the Guide" should he vouchsafe his presence. He rarely does, preferring the safety of the Tshatshi barracks.

I must confess to a personal involvement. As a correspondent for Reuters and the BBC, I lived in the Hotel Intercontinental for a year. I used to pace the gravelled roof of its poolside terrace – the best place to get a strong signal, dictating stories over a mobile phone.

I never developed a real fondness for the place. Brushing past the obese Lebanese diamond dealers, sleek-suited politicians and the glamorous prostitutes who pouted their way past the security guards used to leave me feeling queasy, as though I had been smeared with a thin layer of oil.

Despite the battered taxi I hired, which often as not needed to be push-started at the end of interviews, the mere mention that I lived in the Hotel Intercontinental – albeit in two small, insect-infested rooms in the old wing – was enough to make me suspect in opposition eyes. But like the pianist, or the

Belgian woman who – apparently determined to develop skin cancer – soaks up the blazing African sun every day, or the Chinese accountant everyone mistakes for a chef, I was one of the eccentric cast of permanent hotel guests. That buys some kind of loyalty.

The growing dilapidation – the cockroaches that invaded the rooms, the sour wine in the pizzeria, the blue dye that came off the swimming pool floor – seemed a symbol of the rot eating at Zaire's heart.

Today, as a rebel movement fuelled by exasperation with that decay and corruption advances, the hotel is living the last days of Mobutu, the Tyrannosaurus Rex of dinosaurs.

On the surface, all functions normally. From the top floor, you can see swathes of water hyacinth floating dreamily down the Zaire river to the first set of falls. The almond croissants and creamy capuccinos are there every morning. But the breakfast room has never been so full of well-heeled guests. Their over-loud laughter echoes through the

corridors. "We have not a care in the world," they broadcast ostentatiously to onlookers. But the rifle-toting soldiers who trail behind them betray their fears.

The bodyguards perched outside bedrooms at night are proof the dinosaurs have abandoned their villas on the hill and moved to the place they regard as a second home, readying for the next ferry across the river to Brazzaville. They know the DSP, the presidential guards who always defended the building in the past, will probably be the ones doing the looting this time around.

In a matter of days, the rebels will be in Kinshasa and the hotel, like the country, will have new owners. It will no longer be the jewel in the crown of the Mobutu presidency, nor the fading symbol of a decaying empire.

Instead, I fully expect to see loud-voiced rebel leaders, without the gold-embossed sunglasses but probably boasting their own trilling phones, lord it about in the foyer.

Maybe the astronomical prices will be slashed, and symbolise a new start. And maybe the piano player will return to his rightful place.

ISSUE OF £1,500,000,000

7% TREASURY STOCK 2002

INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER
FOR AUCTION ON A BID PRICE BASIS ON 20 MAY 1997

PAYABLE IN FULL WITH APPLICATION

With a competitive bid
With a non-competitive bid

Price bid plus accrued interest
£107 per £100 nominal of Stock

Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 21 May 1997.

Auction of Stock

1. The GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids for the above Stock.

General

2. This prospectus is issued under the arrangements described in the Information Memorandum for Issues of British Government Stock published by the Bank of England on 27 March 1997 (the "Information Memorandum"). The terms of the Information Memorandum apply to the above Stock and to the auction described in this prospectus except where expressly varied.

Maturity

3. The Stock will be repaid at par on 7 June 2002.

Interest

4. Interest is payable half-yearly on 7 June and 7 December. The price payable for this further issue of the Stock will include an amount equal to accrued interest from 5 December 1996 (the original date of issue of the Stock) to 21 May 1997 (the settlement date of this further issue) at the rate of £3.20274 per £100 nominal of Stock. This further issue of the Stock will rank for the first interest payment of £3.5288 per £100 nominal of Stock due on 7 June 1997.

National Savings Stock Register

5. The Stock may be held on the National Savings Stock Register.

FOTRA exemptions

6. The Stock and the interest payable on it will benefit from the exemptions in favour of non-resident holders described in paragraph 21 of the Information Memorandum (FOTRA stocks first issued after 29 April 1996).

Gross payment of interest

7. Interest will be paid without deduction of income tax pursuant to a direction under section 50 of the Income and Corporation Taxes Act 1988.

Stripping

8. The Stock is potentially stripable: paragraphs 6 and 7 of the Information Memorandum therefore apply.

Methods of application

9. Bids may be made on either a competitive or non-competitive basis in accordance with paragraphs 8 to 16 of the Information Memorandum.

Non-competitive bids: amount payable on application

10. The amount payable on application in the case of a non-competitive bid (except in the case of a non-competitive bid made by a gilt-edged market maker), in accordance with paragraph 12(ii) of the Information Memorandum, is £107 per £100 nominal of Stock.

Latest times for receipt of applications

11. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP to arrive not later than 10.30 AM ON TUESDAY, 20 MAY 1997; or lodged by hand at the Central Gilt & Money Markets Office, Bank of England, Threadneedle Street, London not later than 10.30 AM ON TUESDAY, 20 MAY 1997; or lodged by hand at any of the Branches or Agencies of the Bank of England not later than 3.00 PM ON MONDAY, 19 MAY 1997. Gilt-edged market makers may bid by telephone to the Bank of England not later than 10.30 AM ON TUESDAY, 20 MAY 1997.

Bids irrevocable

12. Bids will not be revocable between 10.30 am on Tuesday, 20 May 1997 and 10.00 am on Friday, 23 May 1997.

BANK OF ENGLAND
LONDON
13 May 1997

APPLICATION FORM FOR 7% TREASURY STOCK 2002

Complete Section 1 or 2, plus Sections 6 and 8. Sections 3, 4, 5 and 7 should also be completed where appropriate.
TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND
I/We apply in accordance with the terms of the prospectus for competitive and non-competitive bids dated 13 May 1997 and the Information Memorandum for Issues of British Government Stock dated 27 March 1997 as follows:-

FOR COMPETITIVE BIDS ONLY

(If for Stock to be purchased at the price bid plus accrued interest)
See notes (a) and (b) below.

Nominal amount of 7% Treasury Stock 2002

| Amount of Stock applied for | Multiple |
|-----------------------------|------------|
| £500,000-£1,000,000 | £100,000 |
| £1,000,000 or greater | £1,000,000 |

Price bid per £100 nominal of Stock, being a multiple of 1/32nd of £1:

| | |
|---|--------|
| £ | P |
| 3 | 20.274 |

PLUS accrued interest at the rate of £3.20274 per £100 nominal of Stock:

| | |
|---|---|
| £ | P |
| | |

Total amount payable per £100 nominal of Stock (excluding accrued interest):

| | |
|---|--|
| £ | |
|---|--|

Amount required for payment IN FULL AT THE PRICE BID PLUS ACCRUED INTEREST:

| | |
|---|--|
| £ | |
|---|--|

FOR NON-COMPETITIVE BIDS ONLY

(If for Stock to be purchased at the non-competitive sale price, plus accrued interest, as defined in the Information Memorandum)
See notes (c) and (d) below.

Nominal amount of 7% Treasury Stock 2002

applied for, being a multiple of £1,000, with a minimum of £1,000 and a maximum of £500,000 nominal of Stock:

| | |
|---|--|
| £ | |
|---|--|

Sum enclosed, being £107 for every £100 NOMINAL of Stock applied for:

| | |
|---|--|
| £ | |
|---|--|

FOR CGO MEMBERS ONLY

CGO Participant Number _____

Name of Contact _____ Telephone Number _____

REGULATED FINANCIAL INSTITUTIONS ONLY

(unless Section 3 applies)

Name of Regulator _____

Membership/Reference Number _____

Country/Territory of Regulator _____

THIS SECTION TO BE COMPLETED BY APPLICANTS ACTING AS AGENT FOR ANY THIRD PARTY

(unless the applicant is a CGO member or is a UK or EEA regulated financial institution, and Section 3 or 4 has been completed)

Full name and permanent address of third party:

FORENAME(S) AND SURNAME(S) _____ ADDRESS (including postcode) _____

If additional space is required, please continue on separate sheet.

THIS SECTION TO BE COMPLETED BY ALL APPLICANTS

I/We request that Stock sold to me/us be registered in the undermentioned name(s) and that any certificate be sent by post at my/our risk to the first named holder at the address shown below.

IN THE CASE OF A NON-COMPETITIVE APPLICATION, I/we warrant that to my/our knowledge this is the only non-competitive application made for my/our benefit (or for the benefit of the person(s) on whose behalf I am/we are applying).

IN THE CASE OF AN APPLICATION BY A MEMBER OF THE CGO SERVICE WHO HAS COMPLETED SECTION 3, we request that any Stock allocated to us be credited direct to our account at the CGO. We hereby irrevocably undertake to accept such Stock by member-to-member delivery through the CGO Service from the Governor and Company of the Bank of England (Number 2 Account (Participant number 3163)) by the deadline for such deliveries on 21 May 1997, and we agree that the consideration to be input in respect of such delivery shall be the amount payable by us on the sale of such Stock in accordance with the terms of the prospectus.

IN THE CASE OF AN APPLICATION MADE ON BEHALF OF A THIRD PARTY, I/we have obtained and recorded evidence of the identity of each person on whose behalf I am/we are applying, and I/we will on demand make such evidence available to the Bank of England or the relevant authority.

Signature _____

Date _____ of, or on behalf of, applicant

DETAILS OF APPLICANT(S)

(If not the person(s) in section 2)

FORENAME(S) AND SURNAME(S) _____ ADDRESS (including postcode) _____

REGISTRATION DETAILS

Stock may be registered in the names of individuals or a corporate body.

CAPITAL LETTERS PLEASE

Title _____ Forename(s) in full _____ Surname _____

Address _____

Postcode _____

Title _____ Forename(s) in full _____ Surname _____

Address _____

Postcode _____

Daytime Telephone Number (in case there is a query) _____

FOR BANK OF ENGLAND USE

Box No. 716 Ext. _____ Transaction Number 164

New Account No. _____ Cert. Posted Date _____

The Stock will be registered on the Bank of England Register, unless you wish the Stock to be registered on the National Savings Stock Register (NSSR) (for which there is a maximum limit of £25,000 nominal of Stock) or at the Bank of Ireland, Belfast, in which case please tick the appropriate box.

NSSR ☐ BELFAST ☐

NOTES

(a) A competitive bid may not be made by an applicant as agent for any third party unless the applicant is a member of the CGO or is a UK or EEA regulated financial institution.

(b) Except in the case of members of the CGO Service who have completed Section 3, a CHAPS payment must be sent to the Sterling Banking Office, Bank of England (Sort Code 10-00-00) for the credit of "New Issues" (Account number 38560000) quoting the reference "AUCTION", to arrive not later than 1.30 pm on Wednesday, 21 May 1997. CHAPS payments must be debited to an account in the name of the applicant (or an account in the joint names of the applicant and one or more others) held with a bank or building society in the UK.

(c) A separate cheque must accompany each application. Cheques should be made payable to "Bank of England" and crossed "New Issues", and must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man. The Bank of England reserves the right to require evidence of the identity of any applicant for Stock or of any person for whom an applicant is acting as agent. An applicant lodging an application form in person should bring evidence of identity bearing the applicant's photograph (for example a passport) and evidence of the applicant's name and address from a third party, for example a recent bill from a gas, electricity or telephone company or a bank or building society statement.

(d) The procedure for any refund, or further amount payable, is set out in the Information Memorandum.

مركز التمويل

مركز الأخبار



Woman in the News • Mary Allen

Quick change of roles

Antony Thorncroft on the new chief of the Royal Opera House

When Ms Mary Allen, secretary general of the Arts Council, takes over at the helm of London's Royal Opera House in September it will be a case of gamekeeper turning poacher. A substantial part of Ms Allen's current job is deciding each year the subsidy for Covent Garden, the council's most cash hungry client - currently it gets just over £15m (£24.20m).

Ms Allen, 45, can have few illusions about her task, but she is no reluctant draftsman. Her name was frequently mentioned last year as Covent Garden searched for a successor to Sir Jeremy Isaacs. But as Arts Council supreme she was an observer on the selection panel and, in the end, decided not to throw her hat into the ring.

This time round she is enthused by the prospect. "I've pushed paper around for five years as a bureaucrat," says Ms Allen. "I want to get down to the sharp end now and do it. Any organisation that is capable of putting out the finest artistry on stage night after night must have something going for it."

The Royal Opera House, however, is acquiring a reputation for creating grander dramas backstage than on front. The latest, the decision this week by Ms Gen-

ista McIntosh to quit as chief executive after just four months in the job, is one of the most spectacular. Few doubt that Ms McIntosh's stress has been caused by fireworks in the boardroom as Covent Garden wrestles with a £4.5m overdraft and the programming for a two-and-a-half year exile while the Royal Opera House undergoes a £214m refurbishment.

Ms McIntosh had to tackle these challenges with two powerful, opinionated colleagues, the new hands-on chairman Lord Chiddingfold, formerly Mr Peter Gummer, and the feisty Mrs Vivien Duffield, head of the £100m development appeal. Personalities clashed.

When Ms McIntosh informed Lord Chiddingfold two weeks ago that she had had enough, he immediately called Ms Allen. He had worked with her before as chairman of the Arts Council Lottery Board and the two got on well. At such a crucial time for the Royal Opera House, he wished to avoid another protracted tangle of possible candidates.

A self-effacing character, with a pleasant, but slightly diffident social manner and conservative dress sense, Ms Allen appears happiest playing a supporting role to more extrovert personalities. This, coupled with a prodigious capacity for work, enabled her to get on extremely well with the flamboyant Lord Gowrie, chairman of the Arts Council, and bodes well for her relationship with her counterpart at Covent Garden.

The rise and rise of Ms Allen mirrors the growing influence of women in the arts. At Cambridge University, where she was involved in the Footlights, she had ambitions to be a performer.

On graduation she had a brief and inglorious career as an actress, culminating in a West End appearance in *The Rocky Horror Show*. The main advantage of Cambridge proved to be the contacts it provided. Ms Allen was soon progressing smoothly through the arts world, moving from arts sponsorship director at Mobil, to senior manager at the Association for Business

Sponsorship of the Arts, to director of the tiny Watermans Arts Centre in Brentford, west London - her only previous experience of running an arts company.

Her appointment as deputy secretary-general at the Arts Council in 1992 was something of a surprise. There she gained the reputation as having a safe pair of hands and of being a calm, sensible, backroom worker, happy to keep out of the limelight and cope with the inflated bureaucracy of the institution. She played her part to perfection, and in 1994 took over as secretary-general, where she was the composed foil to Lord Gowrie.

It is her background as an effective number two, who can also perform with charm at the top level, which appeals to Lord Chiddingfold and the Covent Garden board. After a decade in which the board was effectively cowed by a powerful chief executive, Mr Jeremy Isaacs, it looks as if Covent Garden is about to experience collective leadership, centred on its chairman.

Before Ms McIntosh arrived in January more power was placed into the hands of Mr Nicholas Payne, the opera director, and Sir Anthony Dowell, who looks after the ballet company.

On the surface it is hard to understand why Ms Allen should want to move from running England's controlling arts body, with financial and strategic muscle, to take responsibility for its most controversial and ill-starred supplicant. Lord Gowrie recently upbraided Covent Garden for its slowness in developing a coherent plan during the closure period, and the house is currently racked by a dispute with the unions over nearly 300 planned redundancies. It can hardly be the money - at about £90,000 a year in her new position, any rise in salary is marginal.

Ms Allen is unperturbed. It is "an exciting opportunity" and "a mammoth task", she says. After years of seamless progress, she will have the biggest job in on the UK arts scene. Its reputation of being a poisoned chalice may even

make it more appealing. Having given a second tranche of lottery cash to Covent Garden, Ms Allen knows most of the redevelopment money is in place. The programme for the first year of closure is already fixed and Sadler's Wells should be ready to accommodate the Royal Opera during its second year of exile. The worst may be over.

Ms Allen may have underestimated the pressures of the task. At her new job she will find no fixed home: short seasons in sometimes unappealing venues; evenings spent charming sponsors; overseeing the rebuilding; the vituperation of critics; and coping with a new government which will expect Covent Garden to widen its audience appeal.

She will have little time for her great passion, gardening and her husband, merchant banker Mr Nigel Pantling, will have to be very understanding.

But it will be a glorious moment in December 1999 when the curtain rises on a new production of Verdi's *Requiem* in the gleamingly transformed Covent Garden. Although she has no contract, Ms Allen is confident she will be there in the royal box. If that happens, she will be a long way from where her artistic career began in the mid-1970s - with a 16-month regional tour appearing in *Godspell*.

As Mr Boris Nemtsov, Russia's energetic first deputy prime minister, tells it, this week's explosive confrontation between the government and Gazprom, Russia's mightiest company, was triggered by a recent conversation he had with the nation's president.

Sitting in the Kremlin chief's grand office suite, just a few feet from the smartly turned-out soldiers who still goose-step across Red Square, Mr Nemtsov showed President Boris Yeltsin a secret management agreement governing relations between Gazprom and the state. According to Mr Nemtsov, under one of the provisions of a controversial 1993 deal - still not made public - certain individuals held options to buy most of the state's stake in the gas giant at a fraction of the current share price.

"But this is theft!" thundered President Yeltsin, and Mr Nemtsov had the ammunition he needed to go after the country's most formidable corporate behemoth. Mr Nemtsov, who later related his presidential tête-à-tête to *Yevstevia*, a national daily newspaper, waited until this week to launch his public attack.

The former provincial governor's offensive has been played out on the country's television screens, in Gazprom's grandiose boardrooms and in the shabby offices of the Russian cabinet. It has begun to redefine the often murky relationship between the Russian government and the nation's new economic tycoons.

Mr Nemtsov forced through three important

A behemoth tamed

Chrystia Freeland on Russian government attempts to curb the power of Gazprom, the country's mightiest company

changes in his week of jousting with Gazprom. The biggest victory, authorised by a presidential decree on Tuesday, was the creation of 10-member government board headed by Mr Nemtsov. This was charged with overseeing the work of the gas monopolist, in which the state, with 40 per cent, remains the single biggest shareholder.

The new board gives Mr Nemtsov greater leverage in pushing for his second chief objective - the renegotiation of the shadowy management agreement between the state and Mr Ram Vyakhirev, the Gazprom boss, which had so outraged Mr Yeltsin.

Third, in a kiss-and-make-up meeting at the White House, the seat of the Russian government, Mr Vyakhirev presented a radical restructuring plan which in many respects mirrors Mr Nemtsov's own drive to streamline Russia's natural monopolies.

By squeezing out these three concessions, Mr Nemtsov has dramatically altered Russia's governing political structure. From their spanking new white and aquamarine towers in a Moscow suburb, Gazprom's chiefs are accustomed to gazing at the Russian panorama with a sense of almost unlimited power. Mere cabinet ministers have often seemed beneath the corporation's notice.



Head to head: Nemtsov (left), first deputy prime minister, and Vyakhirev of Gazprom

Earlier this year, when Mr Yevgeny Yastin, then minister of the economy and today a Nemtsov ally, called for the company to be broken up, Mr Vyakhirev told reporters: "Don't pay attention to what he is saying, otherwise you will clog up your brain."

Gazprom's special place at the heart of the Russian state has been further secured by Mr Victor Chernomyrdin, the former Gazprom boss who has been prime minister since 1992. But the arrival of a reform team led by Mr Nemtsov and

the other first deputy prime minister, Mr Anatoly Chubais, has set into motion Mr Chernomyrdin's influence and his power to protect Gazprom.

"My signing the decree on Gazprom and on natural monopolies... that was not easy for [Chernomyrdin]," Mr Yeltsin said in a rare television interview this week. "Gazprom was a difficult matter for him, but nevertheless he accepted that decision... he initialised that decree, although first he had kept it for some time, brooding over it in every way."

Even after the painful

events of the past week, Gazprom remains a force to be reckoned with. Its enduring might was evident in the delicate manner in which Mr Nemtsov catered to company sensibilities, even as he fought to bring it back under state control. After Mr Nemtsov had stated through his vital presidential decree, his first meeting with Mr Vyakhirev was held not in his own offices - but at Gazprom's shiny headquarters.

"It was symbolic that this was on Gazprom territory and not on government territory," says Mr Mikhail Ber-

ger, an influential economic journalist.

Mr Vyakhirev remains Gazprom's master because, of all Russia's Soviet-era directors, he has been most adept at learning just enough of the new market techniques to keep his company intact. Although Mr Vyakhirev's empire is often held up as the most egregious example of the insider-dominated version of capitalism which has flourished in Russia, his ability to keep Gazprom afloat and to steer it gingerly into the new era has won him grudging respect. As one member of the new reform team put it: "In his heart, Ram Ivanovich may still long for the central plan, but he has also learned words like 'hedging' and 'ADR' and you have to respect that."

Gazprom's adaptability, and the reformers' grudging admiration for this most agile of the Soviet behemoths, were on display at the "business cabinet" meeting which concluded this week's round of sparring.

Gazprom stage-managed the session almost as skillfully as any public relations-minded western company. It held the discussion at the White House, not at Gazprom headquarters, lest television shots of the company's soaring towers alienate impoverished Russian viewers. The meeting began with a slick film detailing Gazprom's accomplishments.

And to make sure the message was not lost on the ministers, Mr Vyakhirev warned them: "Don't confuse Gazprom with some street kiosk next to a metro stop. On the world markets, they love us."

The wages of sin

Gillian Tett looks at the implications of the scandal that has rocked Nomura

Japan's television viewers have been treated to a lurid spectacle this week. The arrest of three former executives of Nomura, Japan's biggest securities house, over alleged payments to corporate extortionists has stirred the media's gle.

Breathless reporters have been explaining, amid flow charts and spooky music, the central allegation behind the arrests: that in 1995 Nomura channelled payments to an account for a property company related to a well-known *sokaiya*. These are the corporate extortionists who demand bribes in exchange for not revealing embarrassing information at shareholders' meetings.

Chain-smoking *sokaiya* have appeared on television, heavily disguised, and hidden cameras have shown wobbly footage of disrupted shareholder meetings. Details have been revealed of Nomura's VIP accounts, which extended favours for a host of special customers, including alleged *sokaiya*.

The spectacle is deeply humiliating for Nomura, which sees itself as a global competitor to western financial groups. It is also another blow for Japan's corporate reputation, after recent revelations of *sokaiya* payments at other companies such as Takashimaya and Ajinomoto, and a copper-trading scandal last year at Sumitomo Corporation.

Most importantly, the media lather may hint at a broader shift in Japanese attitudes. Though hopes of reform in corporate Japan are often illusory, the Nomura furore provides some tantalising signs of change in the media, the government and among some of Japan's institutional investors.

Payments to corporate gangsters have been illegal in Japan for more than a decade. But the practice has remained endemic. As Mr Ritsuke Miyawaki, a former police chief says: "It is very difficult for Japanese companies to cut their ties with *sokaiya*."

But when the latest scandal broke, after a former Nomura employee told his story to a newspaper, the government was provoked into action. This week the Securities and Exchange Surveillance Commission, Japan's financial watchdog, lodged a complaint against the company and three executives. It is preparing to impose a penalty, which is likely to ban Nomura for several months from the government and corporate bond markets, equity sales and proprietary trading. This is likely to severely dent Nomura's results.

Since Nomura's "sins" are probably shared by many companies, singling it out for punishment may appear unfair. But Nomura's behaviour is particularly embarrassing to the government

because the securities house resolutely promised to mend its ways after a similar scandal in the early 1990s. The government is trying to persuade the international financial community that its planned "Big Bang" deregulation will bring its financial markets into line with global standards. Nomura's humiliation is a convenient warning.

This is partly because of Nomura's size and prestige: the firm, which employs nearly 11,000 staff in offices around the world, has been in business since 1872. Nomura is also probably one of the few securities companies that could survive a large fine. Most of the other securities houses are in a parlous state, and deregulation is likely to put them under further pressure.

Nomura faces censure from elsewhere. Several public and private companies have recently cancelled their business with the group, the most striking move coming from Nomura's affiliated pension fund management group, Nomura Investment Management company (Nimco). Nimco has used Nomura for up to 30 per cent of its transactions, but is unlikely to resume business with the group until the government investigation is complete.

Nimco's stance partly reflects a growing sensitivity to its international client base. It also arises from a decision after the Nomura scandal of 1991 to amend internal guidelines, stipulating that Nimco cannot deal with scandal-tainted companies.

Its action has triggered a dramatic change at Nomura itself. Last month, in a desperate effort to win back the confidence of clients, the company implemented one of the most sweeping management reshuffles ever seen in Japan, removing 16 former directors and appointing Mr Junichi Ujii, a young, internationally experienced director.

It is not clear that other Japanese groups will seek to mend their ways. So far the media have concentrated on Nomura, but they are beginning to suggest other securities companies and banks had similar *sokaiya* links.

One thing is absent. There has been little public discussion of the underlying reasons for the *sokaiya*'s existence - namely the deep reluctance of corporate Japan to provide information to its shareholders. If active groups of shareholders were already demanding accurate corporate information then the role of the *sokaiya* would evaporate.

"When Japan's companies start accepting the need for full disclosure," says an adviser to a big securities broker, "the system will really change. Until then, Nomura's problem are unlikely to be unique."

John Perlman reports on the big money which the game is attracting in the republic

South Africa goes for soccer gold

The result of South Africa's last international match was close enough, but the advertising boards around the stadium made it plain that off the field there really was no contest.

Every available space in the small stadium in Togo, which staged the side's 3-1 World Cup win over Zaïre last month - the Zaïrean civil war forced the use of a neutral venue - was used to promote South African products.

There were billboards advertising shoe polish, mobile phones, cooking appliances, cement, milk and cars. There were endorsements from the national telephone network, the country's biggest steelworks, a leading insurance corporation and an oil company. Some of the advertisers are direct sponsors of South African football. The rest probably wish they were.

The football world has for some years viewed an African winner of the World Cup as a realistic prospect, but many of the continent's nations find themselves a goal down before they have even kicked off. The resources required to fly star players back from Europe and put together competitive teams - are invariably stretched.

South African football, by contrast, has for more than a decade tapped into the opportunities presented by Africa's most developed economy. There are signs that the exploitation of those opportunities is beginning in earnest.

"Last year our major knock-out competition was worth R17m. (\$380,000) The winner was getting R200,000," says Trevor Phillips, chief executive of South Africa's Premier Soccer League. "Next year the competition will be worth R7m, with R12m for the winner." Phillips, the former commercial director of the English Football Association, has been the driving force in a push for sponsorship increases that one backer of the game describes as "astronomical". But his aggressive marketing of a game that he believes has been "dramatically undervalued" has not put too many people off.

"I'm beating sponsors off with a stick," Phillips says. "But I am not entering into contracts until I'm sure we can deliver." Even so, sponsorship of the PSL is worth about R32m a year - "on a par with rugby and slightly over cricket," on Phillips' reckoning.

That has not always been the case. Football is easily

the country's most popular sport, the chief passion and pastime of South Africa's townships. Yet until the mid-1980s the white economic establishment generally showed as little interest in the game as it did in the political aspirations of the people who followed it.

That changed when it did owe something to the political shifts that eventually led to Nelson Mandela's release from prison, and much to the efforts of one man. Abdul Bhamjee's official title at the PSL's predecessor body was public relations officer, but his ebullient, often abrasive courting of the country's corporations made him South African soccer's supreme. Bhamjee's efforts sent sponsorships soaring - and then the bubble burst.

In 1991 he was found guilty of 33 counts of theft totalling R7.4m, all of it looted from football. Bhamjee and Cyril Kobus, the league's chief executive, were jailed. The scandal, and the fact that football made no obvious effort to recover the money, left the game under a cloud.

Football was a byword for incompetence - a fixture chaos last year saw the season's two main cup finals played within a week of each other. Earlier this year Solo-



South African players with government figures after winning the 1996 African Nations Cup

mon "Stix" Morewa lost his job at the head of the South African Football Association after a judicial inquiry into the body's financial management. And while sponsors did not stay away, the game's commercial potential was never properly tapped.

There is consensus that the PSL under Phillips is a much tighter ship, but some sponsors still wonder if the sport has enough administrative depth to build on the coming boom.

Phillips recognises that football's foundations in South Africa are still weak.

None of the PSL's clubs owns its own stadium, which limits exploitation of advertising rights. The 16-team league is widely seen as unsustainable. And most important, with only one national broadcaster and a single commercial satellite station, the PSL is unable to maximise the potential of television revenue.

"We don't get a fair price for our rights and we won't do because TV is not competitive," Phillips says. "The reality is that I can't run off to satellite and do a Sky-style deal because my cus-

tomers can't afford it." Football's target market does have other attractions, however. After oil company Total signed a R12m deal with the country's glamour club Kaizer Chiefs, Dennis Poole, the managing director, cited two reasons for investing in football.

"My company wants to become more involved in the black market, and for this Chiefs and soccer are the ideal vehicles. We believe it is the politically correct thing to do. We also want to be part of, and grow with, the new South Africa."

UNIT TRUSTS

WINNERS AND LOSERS

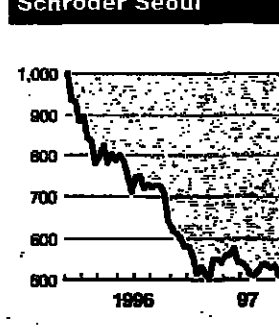
TOP FIVE OVER 1 YEAR

| | |
|-------------------------------|-------|
| Johnson Fry Slater Growth | 1,445 |
| HSBC Hong Kong Growth | 1,415 |
| Invesco Hong Kong & Chi | 1,337 |
| Abtrust Frontier Markets | 1,327 |
| Save & Prosper Financial Secs | 1,326 |

BOTTOM FIVE OVER 1 YEAR

| | |
|--------------------------|-----|
| Old Mutual Thailand Acc | 358 |
| Save & Prosper Korea | 501 |
| Schroder Seoul | 503 |
| Baring Korea | 531 |
| F&G Japanese Smaller Cos | 563 |

Schröder Seoul



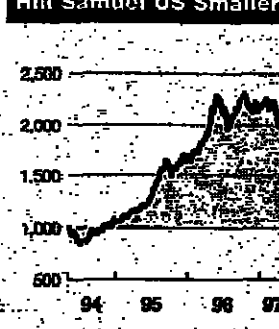
TOP FIVE OVER 3 YEARS

| | |
|----------------------------|-------|
| PM North America Growth | 2,125 |
| Hill Samuel US Smaller Cos | 2,104 |
| Proffitt Technology | 2,086 |
| Johnson Fry Slater Growth | 1,966 |
| Framlington Health | 1,910 |

BOTTOM FIVE OVER 3 YEARS

| | |
|----------------------------|-----|
| Save & Prosper Korea | 406 |
| Old Mutual Thailand Acc | 461 |
| Schroder Seoul | 506 |
| Govett Japan Strategy | 517 |
| Fidelity Japan Smaller Cos | 517 |

Hill Samuel US Smaller



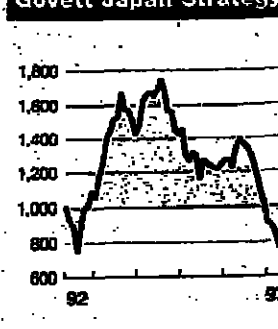
TOP FIVE OVER 5 YEARS

| | |
|----------------------------|-------|
| Gartmore American Emer Gth | 3,522 |
| HSBC Hong Kong Growth | 3,481 |
| Proffitt Technology | 3,423 |
| Mercury Gold & General | 3,370 |
| PM North America Growth | 3,208 |

BOTTOM FIVE OVER 5 YEARS

| | |
|------------------------------|-------|
| Friends Prov Japanese Sm Cos | 914 |
| Govett Japan Strategy | 916 |
| Fidelity Japan Smaller Cos | 955 |
| Barclays Uni Japan Inc | 1,002 |
| M&G Japan & General Acc | 1,017 |

Govett Japan Strategy



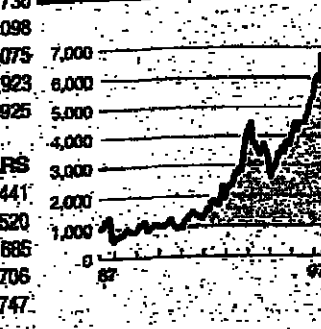
TOP FIVE OVER 10 YEARS

| | |
|----------------------------|-------|
| HSBC Hong Kong Growth | 6,730 |
| F&G US Small Companies | 6,098 |
| Gartmore Hong Kong | 6,075 |
| Hill Samuel US Smaller Cos | 5,923 |
| Framlington Health | 4,825 |

BOTTOM FIVE OVER 10 YEARS

| | |
|-----------------------------|-----|
| Waverley Australasian Gold | 441 |
| Barclays Uni Japan Inc | 520 |
| Mercury Japan | 685 |
| M&G Japan & General Acc | 706 |
| Henderson Japan Smaller Cos | 747 |

HSBC Hong Kong Grth



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: Reuters Hindsight (01625 511311)

Indices

| Index | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|-----------------------------|------------|------|------|------|----------------|
| Average Unit Trust | 1021 | 1244 | 1819 | 2298 | 3.2 |
| Average Investment Trust | 1101 | 1253 | 1973 | 2761 | 4.5 |
| Bank | 1033 | 1112 | 1211 | 1842 | 0.0 |
| Building Society | 1031 | 1112 | 1218 | 1851 | 0.0 |
| Stockmarket: FTSE All-Share | 1218 | 1572 | 2024 | 2679 | 2.7 |
| Inflation | 1026 | 1091 | 1120 | 1525 | 0.4 |

Growth

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|------------------------------|------------|------|------|------|----------------|
| Johnson Fry Slater Growth | 1445 | 1966 | 2428 | - | 3.6 |
| Jupiter UK Growth | 1088 | 1781 | 2787 | - | 3.2 |
| Perpetual UK Exempt | 1181 | 1722 | 2581 | - | 2.7 |
| Credit Suisse Fellowship Inc | 997 | 1823 | - | - | 3.1 |
| Perpetual UK Growth | 1149 | 1800 | 2149 | - | 2.6 |
| SECTOR AVERAGE | 1087 | 1361 | 1806 | 2161 | 3.0 |

UK Growth & Income

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|---------------------------------|------------|------|------|------|----------------|
| Perpetual Income | 1202 | 1637 | 2287 | 2900 | 2.6 |
| Fleming Select UK Income | 1252 | 1622 | 2058 | 2597 | 2.9 |
| Fidelity UK Dividend Growth | 1148 | 1558 | - | - | 2.6 |
| Lazard UK Income & Growth | 1144 | 1557 | 1914 | 2505 | 2.8 |
| Legal & General UK Stockmark Ac | 1272 | 1541 | - | - | 2.9 |
| SECTOR AVERAGE | 1130 | 1387 | 1765 | 2356 | 2.9 |

UK Smaller Companies

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|-------------------------------|------------|------|------|------|----------------|
| Laurence Keen Smaller Cos | 1062 | 1768 | - | - | 3.1 |
| Gartmore UK Smaller Companies | 1173 | 1753 | 2245 | 2255 | 3.4 |
| INVESTCO UK Smaller Companies | 1065 | 1706 | 2414 | 2180 | 3.9 |
| AES Smaller Companies | 1080 | 1682 | 2071 | - | 3.1 |
| Britannia Smaller Co's Acc | 1079 | 1631 | 2452 | 2344 | 3.3 |
| SECTOR AVERAGE | 1065 | 1297 | 1841 | 1938 | 3.0 |

UK Equity Income

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|------------------------------|------------|------|------|------|----------------|
| Jupiter Income | 1143 | 1839 | 2973 | - | 2.8 |
| Lazard UK Income | 1141 | 1598 | 2057 | 3003 | 2.7 |
| BWD UK Equity Income | 1204 | 1541 | 1978 | 2577 | 2.8 |
| Britannia High Yield Inc | 1129 | 1533 | 2145 | 3125 | 2.7 |
| Royal Life High Income (Dis) | 1171 | 1520 | 1913 | 2216 | 2.7 |
| SECTOR AVERAGE | 1116 | 1350 | 1793 | 2361 | 2.8 |

UK Equity & Bond Income

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|--------------------------------|------------|------|------|------|----------------|
| Cazenove UK Equity & Bond | 1108 | 1435 | - | - | 3.1 |
| Proffitt Extra Income | 1085 | 1364 | 1767 | 2237 | 2.5 |
| Cler Med Retirement Income Inc | 1117 | 1360 | 1785 | - | 2.8 |
| CIS UK Income | 1155 | 1354 | 1790 | - | 2.4 |
| CU PPT High Yield | 1112 | 1327 | 1767 | 2388 | 2.9 |
| SECTOR AVERAGE | 1091 | 1261 | 1654 | 1985 | 2.8 |

UK Eq & Bd

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|--------------------------------|------------|------|------|------|----------------|
| BWD Balanced Portfolio | 1193 | 1804 | 2276 | - | 3.1 |
| Perpetual High Income | 1179 | 1529 | 2269 | - | 2.2 |
| Credit Suisse High Income Port | 1084 | 1457 | 2069 | - | 2.6 |
| NPI UK Extra Income Inc | 1076 | 1403 | 1935 | - | 2.4 |
| Canlife Income Dis | 1131 | 1401 | 1773 | 2104 | 2.2 |
| SECTOR AVERAGE | 1114 | 1381 | 1882 | 2261 | 2.5 |

Gift & Fixed Interest

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|--------------------------------|------------|------|------|------|----------------|
| M&G Corporate Bond | 1169 | 1347 | - | - | 1.8 |
| M&G Gift & Fixed Interest | 1154 | 1322 | 1448 | 1900 | 2.0 |
| Thornthorn Preference Inc | 1098 | 1310 | 1783 | 2334 | 1.8 |
| Abtrust Fixed Interest | 1125 | 1297 | 1981 | 2517 | 1.7 |
| Britannia Gift & Fixed Int Inc | 1097 | 1273 | 1386 | - | 1.7 |
| SECTOR AVERAGE | 1080 | 1198 | 1435 | 1965 | 1.7 |

International Equity Income

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|----------------------------|------------|------|------|------|----------------|
| Martin Currie Int'l Income | 1108 | 1339 | 1842 | - | 2.7 |
| GT International Income | 1071 | 1337 | 2048 | 2621 | 2.4 |
| Dolphin Int'l Gth & Income | 1088 | 1307 | 1848 | 1688 | 2.8 |
| Mayflower Global Income | 1086 | 1293 | 1845 | 2185 | 2.5 |
| M&G International Income | 1058 | 1244 | 1897 | 2556 | 2.3 |
| SECTOR AVERAGE | 1082 | 1250 | 1844 | 2154 | 2.5 |

International Fixed Interest

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|--------------------------------|------------|------|------|------|----------------|
| Baring Global Bond | 1027 | 1216 | 1633 | - | 1.6 |
| Old Mutual Worldwide Bond Inc | 994 | 1188 | 1481 | - | 1.8 |
| Barclays Uni European Bond Inc | 1080 | 1180 | - | - | 1.1 |
| Mercury Global Bond Acc | 991 | 1152 | 1482 | - | 1.7 |
| TSB International Income Inc | 979 | 1148 | 1408 | - | 1.8 |
| SECTOR AVERAGE | 941 | 1059 | 1372 | 1671 | 1.9 |

International Equity & Bond

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|-------------------------------|------------|------|------|------|----------------|
| Bank of Ireland Ex Mgd Growth | 1068 | 1373 | 1919 | - | 2.1 |
| Fleming General Opportunities | 1182 | 1358 | 1708 | - | 2.6 |
| Cazenove Portfolio | 1043 | 1354 | 1874 | - | 2.0 |
| Baillie Gifford Managed | 1071 | 1321 | 1743 | 2784 | 2.4 |
| NPI Worldwide Income Inc | 1013 | 1321 | 1757 | - | 2.5 |
| SECTOR AVERAGE | 1043 | 1233 | 1651 | 2289 | 2.2 |

International Growth

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|-------------------------------|------------|------|------|------|----------------|
| Proffitt Technology | 812 | 2088 | 3423 | 4505 | 6.4 |
| Framlington Health | 774 | 1910 | 2522 | 4925 | 7.1 |
| Save & Prosper Financial Secs | 1326 | 1886 | 2978 | 3484 | 3.1 |
| Save & Prosper Growth | 1172 | 1678 | 2715 | 3325 | 2.8 |
| Framlington Financial | 1140 | 1588 | 2647 | 3754 | 2.7 |
| SECTOR AVERAGE | 1013 | 1223 | 1872 | 2250 | 3.2 |

Nth America

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|-----------------------------|------------|------|------|------|----------------|
| PM North America Growth | 1042 | 2125 | 3208 | 4571 | 4.5 |
| Hill Samuel US Smaller Cos | 915 | 2104 | 2990 | 5923 | 5.4 |
| Edinburgh North American | 1083 | 1891 | 3032 | 3587 | 3.5 |
| Royal Life United States | 1085 | 1797 | 3040 | 3752 | 3.5 |
| Martin Currie North America | 1079 | 1794 | 2986 | 3142 | 3.3 |
| SECTOR AVERAGE | 1006 | 1522 | 2272 | 3013 | 3.9 |

Europe

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|-------------------------------|------------|------|------|------|----------------|
| Jupiter European | 1190 | 1909 | 3154 | - | 3.3 |
| Baring Europe Select | 1138 | 1764 | 2816 | 3137 | 3.6 |
| Friends Prov European Gth | 1157 | 1697 | 2488 | - | 2.8 |
| Allied Dunbar European Growth | 1142 | 1671 | 2858 | 2841 | 3.7 |
| Gartmore European Sel Opps | 1123 | 1657 | 2815 | 3248 | 2.8 |
| SECTOR AVERAGE | 1085 | 1369 | 2118 | 2713 | 3.0 |

Japan

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|------------------------|------------|-----|------|------|----------------|
| GT Japan Growth | 916 | 946 | 1491 | 1349 | 3.3 |
| Martin Currie Japan | 846 | 916 | 1768 | - | 4.8 |
| Schroder Tokyo Inc | 834 | 890 | 1736 | 2150 | 4.7 |
| Murray Japan Growth | 803 | 868 | - | - | 4.3 |
| Henderson Exempt Japan | 825 | 868 | 1586 | 1020 | 4.9 |
| SECTOR AVERAGE | 736 | 720 | 1303 | 1149 | 4.8 |

Far East inc Japan

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|------------------------------|------------|------|------|------|----------------|
| Govett Greater China | 1172 | 1214 | 2488 | 3125 | 4.2 |
| Abtrust Pacific | 853 | 1000 | 2074 | 3028 | 4.0 |
| Martin Currie Far East | 930 | 1036 | 1896 | 2097 | 4.2 |
| Waverley Pacific Basin | 841 | 1016 | 1576 | 1373 | 4.0 |
| Thornthorn International Inc | 966 | 1011 | 1613 | 2228 | 3.4 |
| SECTOR AVERAGE | 892 | 923 | 1779 | 2053 | 4.0 |

Far East exc Japan

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|----------------------------|------------|------|------|------|----------------|
| HSBC Hong Kong Growth | 1415 | 1777 | 3481 | 6730 | 6.3 |
| INVESTCO Hong Kong & China | 1337 | 1439 | 2709 | 4089 | 6.3 |
| GT Orient Acc | 1036 | 1367 | 3040 | - | 5.6 |
| Old Mutual Hong Kong | 1153 | 1341 | 2576 | 4873 | 6.2 |
| Gartmore Hong Kong | 1164 | 1308 | 2597 | 6075 | 5.8 |
| SECTOR AVERAGE | 890 | 1012 | 2112 | 3559 | 5.3 |

Commodity & Energy

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|--------------------------------|------------|------|------|------|----------------|
| M&G Australasian & General Acc | 1041 | 1351 | 2166 | 1428 | 5.0 |
| M&G Commodity & General | 890 | 1237 | 2112 | 2080 | 4.5 |
| Save & Prosper Commodity | 776 | 1094 | 1811 | 1762 | 5.6 |
| Save & Prosper Gold & Expt'n | 900 | 1022 | 2219 | 882 | 8.9 |
| Hill Samuel Natural Resources | 759 | 1003 | 1548 | 1536 | 4.7 |
| SECTOR AVERAGE | 759 | 1033 | 2140 | 1372 | 6.0 |

Best Peps

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|-------------------------------|------------|------|------|------|----------------|
| Johnson Fry Slater Growth | 1445 | 1966 | 2428 | - | 3.6 |
| Jupiter European | 1190 | 1909 | 3154 | - | 3.3 |
| Jupiter Income | 1143 | 1839 | 2973 | - | 2.8 |
| Jupiter UK Growth | 1088 | 1781 | 2787 | - | 3.2 |
| Gartmore UK Smaller Companies | 1065 | 1297 | 1841 | 1938 | 3.0 |
| AVERAGE UT PEP | 1067 | 1343 | 1851 | - | 2.8 |

Money Mkt

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|----------------------|------------|------|------|----|----------------|
| M&G Treasury | 1046 | 1141 | - | - | 0.1 |
| Midland Money Market | 1045 | 1141 | 1245 | - | 0.2 |
| Newton Cash Acc | 1043 | 1138 | 1252 | - | 0.2 |
| CU Deposit | 1043 | 1138 | 1251 | - | 0.0 |
| Mercury Cash Acc | 1045 | 1136 | 1250 | - | 0.0 |
| SECTOR AVERAGE | 1039 | 1127 | 1233 | - | 0.2 |

Investment Trust Units

| Trust | 1 year (%) | 3 | 5 | 10 | Volatility (%) |
|-------------------------------|------------|------|------|------|----------------|
| Quilter Investment Trusts Inc | 1079 | 1320 | 2182 | - | 3.3 |
| Quilter High Inc Inv Test Acc | 1128 | 1247 | 2239 | - | 2.9 |
| Equitable Trust of Invest Trs | 1037 | 1224 | 2034 | 2942 | 2.8 |
| M&G Fund of Investment Trs | 1026 | 1212 | 1894 | 2730 | 3.2 |
| Exeter Fund of Investment Trs | 1021 | 1212 | 2033 | - | 3.0 |
| SECTOR AVERAGE | 1029 | 1184 | 1882 | 2369 | 2.9 |

Fund of Funds

| | | | | | |
|-------------------------------|------|------|------|------|-----|
| Sun Alliance Portfolio | 1073 | 1349 | 1970 | - | 2.7 |
| OM Chartfield Securities | 939 | 1346 | - | - | 4.2 |
| Britannia Managed Port'fo Inc | 1063 | 1344 | 2106 | - | 3.0 |
| INVESCO Managed Acc | 1049 | 1339 | - | - | 2.7 |
| Schroder Managed Bal Acc Inst | 1057 | 1333 | 1853 | - | 2.3 |
| SECTOR AVERAGE | 1003 | 1183 | 1725 | 1975 | 2.5 |

FT MANAGED FUNDS SERVICE

| | Mid Market Change | Selling Price | Buying Price | + or - % | Yield Gr's |
|---------------------------|----------------------|------------------|-----------------|-------------|---------------|
| Fund Managers Ltd (1000H) | | | | | |
| on EL ECR BAS | | | | | 0000 445522 |
| ----- & | 311.8 | 330.7 | +2.800 | 0.00 | |

[illegible]

OFEX is an unregulated trading facility for share dealing in unquoted companies which is operated by J P Jenkins Limited in association with Newstrack Limited, a sister company.

The middle market prices shown below are only an indication of value. Shares traded on OFEX should be considered high risk and deal through a stockbroker which is monitored by the Securities and Futures Authority.

| Company | 1986 High | Day's change | 1987 High | 1987 Low | Company | 1986 High | Day's change | 1987 High | 1987 Low |
|---------|--------------|-----------------|--------------|-------------|---------|--------------|-----------------|--------------|-------------|
|---------|--------------|-----------------|--------------|-------------|---------|--------------|-----------------|--------------|-------------|

[illegible]

EASDAQ is a fully regulated independent pan-European Stock Market focused on high growth companies with international aspirations. The shares of companies on the EASDAQ Stock Market can be bought and sold through EASDAQ Members. EASDAQ Members are made up of Brokers and Banks from across Europe.

| Company | ask price | Change on day | Volume | high | Low | Company | ask price | Change on day | Volume | high | Low |
|--------------------|-----------|------------------|--------|--------|--------|--------------------|-----------|------------------|--------|--------|--------|
| Esprit Telecom ADS | 148.55 | +0.05 | 6,375 | 148.60 | 148.50 | Esprit Telecom ADS | 148.55 | +0.05 | 6,375 | 148.60 | 148.50 |

| | | | | | | | | | | |
|-----------------|------------|--------|--------|------|--------|----------------|------------|--------|-------|-------|
| Asphalt | US\$45.575 | -2.125 | 258.00 | 11 | 9.5 | Immagines | US\$11.375 | 215.00 | 12.75 | 10.30 |
| Asphalt systems | US\$45.575 | -0.725 | 405.50 | 11 | 9.5 | Mopex Internal | US\$10 | 0 | 11.75 | 8.125 |
| Chemicals | US\$46 | 0 | 16 | 16 | 16 | Purfect | US\$44.5 | 0 | 8.125 | 4.25 |
| Dr. Sepp's ADS | US\$45.625 | -0.125 | 0 | 26.5 | 18.875 | | | | | |

Prices for 16.05.97. Please note that mid prices are now used to calculate gains and loss.

Information about EASDAQ can be found on the Web site at: <http://WWW.EASDAQ.be>
 Tel. 32-7 227 85 20 and in London (Tel. 44-71 / 488 8890).

EASTMAN KODAK CO. NEW HAVEN, CT. U.S.A.

Compiled with the assistance of AUTIF §§

Initial charge: Charges made by a unit trust manager. Used to defray marketing and administrative costs, including commission.

paid to intermediaries. This charge is included in the buying price of units.

Buying price: Also called offer price. The price at which units are bought by investors. Unlike a mutual fund, the offer price of a closed-end fund is not set by the fund manager. It is determined by the market, and it can fluctuate significantly from the fund's net asset value.

Forward pricing: The labor F denotes the

Treatment of manager's periodic charge: The letter C denotes that the trust

deducts all or part of the manager's periodic charge from capital, contact the manager for full details of the effect of this course of

Exit charges: The letter E denotes that an

Additional charges may be made when you sell units. More detailed reports and information just as yours can be obtained free of charge from fund managers.

Time: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is

indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (H) - 0001 to 1100 hours; (E) - 1101 to 1102 hours; (M) - 1103 to 1104 hours; (A) - 1105 to 1106 hours; (P) - 1107 to 1108 hours; (N) - 1109 to 1110 hours; (S) - 1111 to 1112 hours; (D) - 1113 to 1114 hours; (F) - 1115 to 1116 hours; (J) - 1117 to 1118 hours; (K) - 1119 to 1120 hours; (L) - 1121 to 1122 hours; (O) - 1123 to 1124 hours; (U) - 1125 to 1126 hours; (V) - 1127 to 1128 hours; (W) - 1129 to 1130 hours; (X) - 1131 to 1132 hours; (Y) - 1133 to 1134 hours; (Z) - 1135 to 1136 hours; (AA) - 1137 to 1138 hours; (AB) - 1139 to 1140 hours; (AC) - 1141 to 1142 hours; (AD) - 1143 to 1144 hours; (AE) - 1145 to 1146 hours; (AF) - 1147 to 1148 hours; (AG) - 1149 to 1150 hours; (AH) - 1151 to 1152 hours; (AI) - 1153 to 1154 hours; (AJ) - 1155 to 1156 hours; (AK) - 1157 to 1158 hours; (AL) - 1159 to 1160 hours; (AM) - 1161 to 1162 hours; (AN) - 1163 to 1164 hours; (AO) - 1165 to 1166 hours; (AP) - 1167 to 1168 hours; (AQ) - 1169 to 1170 hours; (AR) - 1171 to 1172 hours; (AS) - 1173 to 1174 hours; (AT) - 1175 to 1176 hours; (AU) - 1177 to 1178 hours; (AV) - 1179 to 1180 hours; (AW) - 1181 to 1182 hours; (AX) - 1183 to 1184 hours; (AY) - 1185 to 1186 hours; (AZ) - 1187 to 1188 hours; (BA) - 1189 to 1190 hours; (BB) - 1191 to 1192 hours; (BC) - 1193 to 1194 hours; (BD) - 1195 to 1196 hours; (BE) - 1197 to 1198 hours; (BF) - 1199 to 1200 hours; (BG) - 1201 to 1202 hours; (BH) - 1203 to 1204 hours; (BI) - 1205 to 1206 hours; (BJ) - 1207 to 1208 hours; (BK) - 1209 to 1210 hours; (BL) - 1211 to 1212 hours; (BM) - 1213 to 1214 hours; (BN) - 1215 to 1216 hours; (BO) - 1217 to 1218 hours; (BP) - 1219 to 1220 hours; (BQ) - 1221 to 1222 hours; (BR) - 1223 to 1224 hours; (BS) - 1225 to 1226 hours; (BT) - 1227 to 1228 hours; (BU) - 1229 to 1230 hours; (BV) - 1231 to 1232 hours; (BW) - 1233 to 1234 hours; (BX) - 1235 to 1236 hours; (BY) - 1237 to 1238 hours; (BZ) - 1239 to 1240 hours; (CA) - 1241 to 1242 hours; (CB) - 1243 to 1244 hours; (CC) - 1245 to 1246 hours; (CD) - 1247 to 1248 hours; (CE) - 1249 to 1250 hours; (CF) - 1251 to 1252 hours; (CG) - 1253 to 1254 hours; (CH) - 1255 to 1256 hours; (CI) - 1257 to 1258 hours; (CJ) - 1259 to 1260 hours; (CK) - 1261 to 1262 hours; (CL) - 1263 to 1264 hours; (CM) - 1265 to 1266 hours; (CN) - 1267 to 1268 hours; (CO) - 1269 to 1270 hours; (CP) - 1271 to 1272 hours; (CQ) - 1273 to 1274 hours; (CR) - 1275 to 1276 hours; (CS) - 1277 to 1278 hours; (CT) - 1279 to 1280 hours; (CU) - 1281 to 1282 hours; (CV) - 1283 to 1284 hours; (CW) - 1285 to 1286 hours; (CX) - 1287 to 1288 hours; (CY) - 1289 to 1290 hours; (CZ) - 1291 to 1292 hours; (DA) - 1293 to 1294 hours; (DB) - 1295 to 1296 hours; (DC) - 1297 to 1298 hours; (DD) - 1299 to 1300 hours; (DE) - 1301 to 1302 hours; (DF) - 1303 to 1304 hours; (DG) - 1305 to 1306 hours; (DH) - 1307 to 1308 hours; (DI) - 1309 to 1310 hours; (DJ) - 1311 to 1312 hours; (DK) - 1313 to 1314 hours; (DL) - 1315 to 1316 hours; (DM) - 1317 to 1318 hours; (DN) - 1319 to 1320 hours; (DO) - 1321 to 1322 hours; (DP) - 1323 to 1324 hours; (DQ) - 1325 to 1326 hours; (DR) - 1327 to 1328 hours; (DS) - 1329 to 1330 hours; (DT) - 1331 to 1332 hours; (DU) - 1333 to 1334 hours; (DV) - 1335 to 1336 hours; (DW) - 1337 to 1338 hours; (DX) - 1339 to 1340 hours; (DY) - 1341 to 1342 hours; (DZ) - 1343 to 1344 hours; (EA) - 1345 to 1346 hours; (EB) - 1347 to 1348 hours; (EC) - 1349 to 1350 hours; (ED) - 1351 to 1352 hours; (EE) - 1353 to 1354 hours; (EF) - 1355 to 1356 hours; (EG) - 1357 to 1358 hours; (EH) - 1359 to 1360 hours; (EI) - 1361 to 1362 hours; (EJ) - 1363 to 1364 hours; (EK) - 1365 to 1366 hours; (EL) - 1367 to 1368 hours; (EM) - 1369 to 1370 hours; (EN) - 1371 to 1372 hours; (EO) - 1373 to 1374 hours; (EP) - 1375 to 1376 hours; (EQ) - 1377 to 1378 hours; (ER) - 1379 to 1380 hours; (ES) - 1381 to 1382 hours; (ET) - 1383 to 1384 hours; (EU) - 1385 to 1386 hours; (EV) - 1387 to 1388 hours; (EW) - 1389 to 1390 hours; (EX) - 1391 to 1392 hours; (EY) - 1393 to 1394 hours; (EZ) - 1395 to 1396 hours; (FA) - 1397 to 1398 hours; (FB) - 1399 to 1400 hours; (FC) - 1401 to 1402 hours; (FD) - 1403 to 1404 hours; (FE) - 1405 to 1406 hours; (FF) - 1407 to 1408 hours; (FG) - 1409 to 1410 hours; (FH) - 1411 to 1412 hours; (FI) - 1413 to 1414 hours; (FJ) - 1415 to 1416 hours; (FK) - 1417 to 1418 hours; (FL) - 1419 to 1420 hours; (FM) - 1421 to 1422 hours; (FN) - 1423 to 1424 hours; (FO) - 1425 to 1426 hours; (FP) - 1427 to 1428 hours; (FQ) - 1429 to 1430 hours; (FR) - 1431 to 1432 hours; (FS) - 1433 to 1434 hours; (FT) - 1435 to 1436 hours; (FU) - 1437 to 1438 hours; (FV) - 1439 to 1440 hours; (FW) - 1441 to 1442 hours; (FX) - 1443 to 1444 hours; (FY) - 1445 to 1446 hours; (FZ) - 1447 to 1448 hours; (GA) - 1449 to 1450 hours; (GB) - 1451 to 1452 hours; (GC) - 1453 to 1454 hours; (GD) - 1455 to 1456 hours; (GE) - 1457 to 1458 hours; (GF) - 1459 to 1460 hours; (GG) - 1461 to 1462 hours; (GH) - 1463 to 1464 hours; (GI) - 1465 to 1466 hours; (GJ) - 1467 to 1468 hours; (GK) - 1469 to 1470 hours; (GL) - 1471 to 1472 hours; (GM) - 1473 to 1474 hours; (GN) - 1475 to 1476 hours; (GO) - 1477 to 1478 hours; (GP) - 1479 to 1480 hours; (GQ) - 1481 to 1482 hours; (GR) - 1483 to 1484 hours; (GS) - 1485 to 1486 hours; (GT) - 1487 to 1488 hours; (GU) - 1489 to 1490 hours; (GV) - 1491 to 1492 hours; (GW) - 1493 to 1494 hours; (GX) - 1495 to 1496 hours; (GY) - 1497 to 1498 hours; (GZ) - 1499 to 1500 hours; (HA) - 1501 to 1502 hours; (HB) - 1503 to 1504 hours; (HC) - 1505 to 1506 hours; (HD) - 1507 to 1508 hours; (HE) - 1509 to 1510 hours; (HF) - 1511 to 1512 hours; (HG) - 1513 to 1514 hours; (HH) - 1515 to 1516 hours; (HI) - 1517 to 1518 hours; (HJ) - 1519 to 1520 hours; (HK) - 1521 to 1522 hours; (HL) - 1523 to 1524 hours; (HM) - 1525 to 1526 hours; (HN) - 1527 to 1528 hours; (HO) - 1529 to 1530 hours; (HP) - 1531 to 1532 hours; (HQ) - 1533 to 1534 hours; (HR) - 1535 to 1536 hours; (HS) - 1537 to 1538 hours; (HT) - 1539 to 1540 hours; (HU) - 1541 to 1542 hours; (HV) - 1543 to 1544 hours; (HW) - 1545 to 1546 hours; (HX) - 1547 to 1548 hours; (HY) - 1549 to 1550 hours; (HZ) - 1551 to 1552 hours; (IA) - 1553 to 1554 hours; (IB) - 1555 to 1556 hours; (IC) - 1557 to 1558 hours; (ID) - 1559 to 1560 hours; (IE) - 1561 to 1562 hours; (IF) - 1563 to 1564 hours; (IG) - 1565 to 1566 hours; (IH) - 1567 to 1568 hours; (II) - 1569 to 1570 hours; (IJ) - 1571 to 1572 hours; (IK) - 1573 to 1574 hours; (IL) - 1575 to 1

The fixed prices published in this edition are also available at the Financial Times'

period of time may elapse before prices become available.

**PROPERTY
UNIT TRUST**

[illegible]

| Selling Price | Buying Price | + or - | Yield Spread |
|---------------|--------------|--------|--------------|
| 115.7 | 115.7 | +0.1 | |

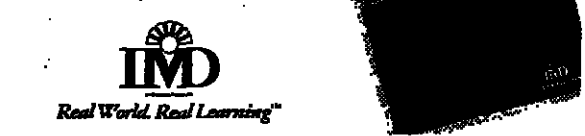
TS

Burkley's Life Assur. Co Ltd - Contd.
 American Fourth Street 2)

Engle Star Life Assurance Co Ltd - Contd.
 Products purchased after 25.5.85
 Contract 100,000,000

| Policy | Rate | Rate | % | Year | Rate |
|--|-------------|---------|---|------|------|
| Police Property Unit Trust | | | | | |
| Police Property Unit 31 | CR025 | 2300 | | 5.8 | |
| Remove Property Unit Trust | | | | | |
| Remove Property Unit 31 | BR025 | 10000 | | 5.3 | |
| RII Second Property Unit Trust | | | | | |
| Property Unit 16 | 200.0 | 230.0 | | 5.46 | |
| Reliance Income Property Unit Trust | | | | | |
| Property Unit 31 | 21252 | 3400 | | 4.46 | |
| Leased Brothers & Co., Limited | | | | | |
| Leased Brothers & Co., Limited | 2294.00 | 225.00 | | 7.28 | |
| Leased Property Unit 16 | 234.00 | 16.10 | | 6.3 | |
| Liberty Property Unit Trust | | | | | |
| Property Unit 25 | 21079 | 1102 | | 7.1 | |
| Local Industries Property Fund (LIPF) | | | | | |
| Property Unit 36 | 190.24 | 210.54 | | 7.00 | |
| Morgan Stanley Property Fund | | | | | |
| Investment Unit 25 | 17176.38 | 1740.67 | | 6.93 | |
| Investment Unit 25 | 17176.38 | 1740.67 | | 6.93 | |
| Investment Unit 25 | 17176.38 | 1740.67 | | 6.93 | |
| Investment Unit 25 | 17176.38 | 1740.67 | | 6.93 | |
| New Coat Property Fund | | | | | |
| Property Unit 1 | 14.00 | | | 7.78 | |
| Schedule Exempt Unit Trust | | | | | |
| Schedule Exempt Unit 25 | 22514 | 2540 | | 8.7 | |
| South Balanced Property Unit Trust | | | | | |
| South Balanced Property Unit 25 | 22514 | 2540 | | 6.04 | |
| INSURANCES | | | | | |
| AAA Equity & Law Life Assn | | | | | |
| Association Fund, High Investments | 01949 40000 | | | | |
| Association Fund, High Investments | 01949 40000 | | | | |
| Association Fund, High Investments | 01949 40000 | | | | |
| Association Fund, High Investments | 01949 40000 | | | | |
| Black Horse Life Assurance | | | | | |
| Black Horse Life Assurance | 01834 40000 | | | | |
| Black Horse Life Assurance | 01834 40000 | | | | |
| Black Horse Life Assurance | 01834 40000 | | | | |
| English Star Life Assurance | | | | | |
| English Star Life Assurance | 01701 40000 | | | | |
| English Star Life Assurance | 01701 40000 | | | | |
| English Star Life Assurance | 01701 40000 | | | | |
| Equitable Life Assurance Society | | | | | |
| Equitable Life Assurance Society | 01260 26000 | | | | |
| Equitable Life Assurance Society | 01260 26000 | | | | |
| Equitable Life Assurance Society | 01260 26000 | | | | |
| AAA Equity & Law Life Assn | | | | | |
| Association Fund, High Investments | 01949 40000 | | | | |
| Association Fund, High Investments | 01949 40000 | | | | |
| Association Fund, High Investments | 01949 40000 | | | | |
| Association Fund, High Investments | 01949 40000 | | | | |
| Black Horse Life Assurance | | | | | |
| Black Horse Life Assurance | 01834 40000 | | | | |
| Black Horse Life Assurance | 01834 40000 | | | | |
| Black Horse Life Assurance | 01834 40000 | | | | |
| English Star Life Assurance | | | | | |
| English Star Life Assurance | 01701 40000 | | | | |
| English Star Life Assurance | 01701 40000 | | | | |
| English Star Life Assurance | 01701 40000 | | | | |
| Equitable Life Assurance Society | | | | | |
| Equitable Life Assurance Society | 01260 26000 | | | | |
| Equitable Life Assurance Society | 01260 26000 | | | | |
| Equitable Life Assurance Society | 01260 26000 | | | | |
| AAA Equity & Law Life Assn | | | | | |
| Association Fund, High Investments | 01949 40000 | | | | |
| Association Fund, High Investments | 01949 40000 | | | | |
| Association Fund, High Investments | 01949 40000 | | | | |
| Association Fund, High Investments | 01949 40000 | | | | |
| Black Horse Life Assurance | | | | | |
| Black Horse Life Assurance | 01834 40000 | | | | |
| Black Horse Life Assurance | 01834 40000 | | | | |
| Black Horse Life Assurance | 01834 40000 | | | | |
| English Star Life Assurance | | | | | |
| English Star Life Assurance | 01701 40000 | | | | |
| English Star Life Assurance | 01701 40000 | | | | |
| English Star Life Assurance | 01701 40000 | | | | |
| Equitable Life Assurance Society | | | | | |
| Equitable Life Assurance Society | 01260 26000 | | | | |
| Equitable Life Assurance Society | 01260 26000 | | | | |
| Equitable Life Assurance Society | 01260 26000 | | | | |

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Fax: +41 21 618 07 15
E-mail: info@imd.ch
Internet: <http://www.imd.ch>



| Unit Name | Selling Price | Buying Price | + or - | Yield % | Selling Price | Buying Price | + or - | Yield % |
|---------------------------------|---------------|--------------|--------|---------|---------------|--------------|--------|---------|
| Meridian Unit Managers Ltd | 22.10 | 20.84 | +1.26 | 1.4 | | | | |
| Jupiter Unit Trust Managers Ltd | | | | | | | | |

| | Bid/ask | High | Low | Yield |
|-----------------------------|---------|--------|--------|-------|
| European Energy May 15 | 272.58 | 273.83 | 271.83 | 1.48 |
| Do Accum | 234.18 | 234.96 | 233.96 | 1.88 |
| Do Accum | 242.30 | 243.07 | 241.07 | 1.88 |
| Japan Energy May 15 | 165.81 | 167.38 | 164.38 | 0.00 |
| Do Accum | 128.78 | 129.53 | 127.53 | 0.00 |
| Pacific Basin Energy May 15 | 280.33 | 286.04 | 276.04 | 2.02 |
| Do Accum | 300.92 | 312.97 | 292.97 | 2.02 |
| Global Bond Ex May 15 | 93.83 | 94.47 | 93.47 | 8.88 |

| | PRICE | PERCENT | CHANGES |
|--------------------------|--------|---------|---------|
| De Account | 105.70 | 106.40 | 6.80 |
| Inter-Led Gilt Ex May 16 | 106.51 | 107.25 | 2.27 |
| De Account | 111.82 | 112.64 | 2.27 |
| Inter-Led Gilt Ex May 13 | 104.03 | 104.23 | 2.59 |
| De Account | 111.87 | 112.69 | 2.90 |
| Inter-Led Gilt Ex May 13 | 95.15 | 95.27 | 7.95 |
| De Account | 116.94 | 117.69 | 7.65 |
| US Govt 10 1/2% 10-1-85 | | | |

[illegible]

| Charity Money Management | | J. Rothschild Fund Managers Ltd | |
|--------------------------|----------------|---------------------------------|-----------------------|
| Phil West Mailing, Kent | (01732 520003) | Intl Exempt Accoun | 298.6 302.3 +1.7 1.69 |
| Net Growth | 101.43 103.58 | | |
| Net | 62.21 82.10 | | |
| | 7.13 | | |

| Church of England Funds | | Stewart Ivory & Co Ltd | |
|-------------------------|---------------|------------------------|-----------------------|
| Stewart Ivory & Co Ltd | | Stewart Ivory & Co Ltd | |
| Net Growth | 101.43 103.58 | Intl Exempt Accoun | 298.6 302.3 +1.7 1.69 |
| Net | 62.21 82.10 | | |
| | 7.13 | | |

[illegible]

| | | | | | |
|--------------------------------|---------|---------|---|------|--|
| Unit Trust Managers Ltd | | | | | |
| Bank of America Inc | 703.000 | 135.000 | — | 1.47 | Thorn Unit Trust Management Ltd |
| of Bank of Am. Inc | 703.000 | 135.000 | — | 1.47 | Balance Managed Europe 120.00 132.200 |
| | | | | | — 2.30 |

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● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Money Market Bank Accounts

Offshore Funds and Insurances

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (44 171) 873 4378 for more details.

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Techs fall, data hit US shares

AMERICAS

Wall Street was hit at midsession by a disappointing performance among technology companies and by economic data which raised inflation fears, writes *Jane Morrison in New York*.

The Dow Jones Industrial Average fell 53.16 to 7,280.39 from the all-time high reached on Thursday.

Data on housing starts renewed inflation fears ahead of next Tuesday's meeting of the Open Markets Committee of the Federal Reserve. The benchmark 30-year bond fell 1/8 to 96 1/8.

Hewlett Packard was the Dow's worst performer, losing 5 1/2% or 9.5 per cent at \$53.16, on second-quarter results below expectations. The downward pressure also affected the broader-based S & P 500 index, which fell 4.49 to 837.39.

The technology-driven Nasdaq composite index suffered from the sector's retreat: it lost 6.48 to 1,947.12, with the biggest falls among the larger companies. The Russell 2000, the index of smaller companies, enjoyed this reversal of the recent trend for big companies to outperform their smaller counterparts, with a rise of 0.25 to 366.16. The index, after staging a rally since the beginning of the month, failed to match advances in the record-breaking Dow earlier this week.

CANTV hits Caracas

CARACAS was pulled lower by profit-taking in CANTV, the telecommunications monopoly.

By midsession the IBC index was down 70.83 to 6,610.55. Some analysts suggested that after a 10.6 per cent rally over the previous five sessions, CANTV had climbed too far, too fast and that its pull-back could continue over the coming week. CANTV class D shares were

Several technology stocks disappointed. Netscape, the Nasdaq-listed software group, fell 4 1/2% or almost 13 per cent to \$30.40 after a filing to the Securities and Exchange Commission warned of increasing costs. Other Nasdaq heavy hitters - Microsoft, Dell and Intel - suffered declines of 1 per cent.

Informix fell 1 1/4% or 11 per cent to \$10.00 after the troubled database software company said that it needed additional funding to offset potential future operating losses and capital expenditure.

Amazon.com, the Internet book retailer which came to the market on Thursday, suffered from profit-taking combined with some of the anti-technology feeling. Its shares fell 1 1/4% or 5 per cent to \$22.40 after a sparkling debut.

TORONTO was dragged down by Wall Street and a weak performance by the gold sector. By midsession, the TSE-300 composite index was 36.25 weaker at 6,250.40 in volume of 42.7m shares. Golden Rule Resources, the gold prospector, plunged \$3.86 to \$33.54 as news of an overstated assay result spread.

Pure Gold Resources lost 8 cents to 42 cents in spite of news that diamond analyses in its northern Alberta joint venture with Ashton and AEC had provided some possibility of diamonds.

trading 29.50 bolivars lower at 2,480.50 bolivars. The benchmark Electricidad de Caracas was trading at 3.25 bolivars lower at 550 bolivars.

SAO PAULO advanced at midsession, although low liquidity indicated that major investors were cautious in the wake of this week's political scandal. By noon, the Bovespa index was 126 or 1.2 per cent higher at 10,480.

EUROPE

Wall Street's weakness, a dollar recovery nipped in the bud and a nervous afternoon for bonds cut all-time highs to a handful in continental equity markets. FRANKFURT came back from an all-time intra-day high of 3,617.86 to close with the Dax index only 4.41 stronger at an all-time high of 3,569.26.

Many investors did not want to carry their exposure over a three-day holiday weekend. Bursas were particularly weak as the German chancellor, Mr. Helmut Kohl, said in late afternoon that the government would decide by July whether it would issue a supplementary budget in view of the estimated DM18bn shortfall in tax revenues this year.

This brought light and shade into what had been a bullish financial sector. Dresdner, up DM1.74 or 3 per cent at DM69.80, stood in contrast to Deutsche Bank, which, after a CS First Bof to DM97. Among smaller firms, BHF Bank closed DM3.40 or 7.9 per cent higher at DM46.30, after a DMSO high and following a Bankgesellschaft Berlin denial that

it was in talks with BHF. ZURICH ran into profit-taking and gave up much of a solid early lead, although the market was still able to claim a fifth consecutive record high at the close. The SMI index turned back from 1,194.4 to end 15.8 higher on the day at 1,157.5.

Roche was the star performer with a rise of SF2.95 at SF13.495 in further response to this week's US approval for its weight-loss treatment. Novartis, a strong performer earlier in the week at the expense of Roche, lost SF2.8 to SF12.019. Winterthur fell SF10 to SF11.10 as Mr. Martin Ebner confirmed rumours doing the rounds in recent months, that his investment companies had amassed a 14.5 per cent stake in the insurer.

Swissair, up SF4.2 at SF13.370, recovered after

FTSE Actuaries Share Indices

| Hourly changes | Open | 10.30 | 11.00 | 12.00 | 13.00 | 14.00 | 15.00 | Close |
|--------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| FTSE Actuaries 100 | 2341.71 | 2345.30 | 2347.24 | 2347.08 | 2348.93 | 2352.57 | 2353.07 | 2352.25 |
| FTSE Actuaries 200 | 2382.76 | 2385.33 | 2388.06 | 2383.14 | 2384.32 | 2387.53 | 2385.50 | 2382.24 |

| | May 15 | May 14 | May 13 | May 12 | May 9 |
|--|---------|---------|---------|---------|---------|
| FTSE Eurotrack 100 | 2328.95 | 2338.47 | 2315.77 | 2294.96 | 2287.77 |
| FTSE Eurotrack 200 | 2267.57 | 2370.98 | 2360.31 | 2342.13 | 2329.48 |
| Index value 1200 (15/10/02); Highest: 100 - 2354.10; 200 - 2398.27; Lowest: 100 - 2341.19; 200 - 2380.35; % Paid | | | | | |
| © FTSE International Limited 1997. All rights reserved. | | | | | |

Source: Reuters (100/200) (100/200) 100 = 2500 100 = 2500 100 = 2500 100 = 2500 100 = 2500

Thursday's sharp loss sustained on news of the Star Alliance, which was expected to provide stiff competition to the Global Excellence Alliance of which the Swiss national carrier is a part. PARIS kept going, and scored its fourth consecutive

all-time closing high with the CAC 40 index 8.27 better at 2,784.28, and its strength mostly in defensive stocks. There were some individual tremors. The French bro-

ker, Cheuvreux de Virieu, looked at the first-quarter results from the electrical equipment supplier, Schneider, deemed them disappointing and turned negative on the shares, which fell FF16.90 or 5 per cent to FF380. Eurotunnel, which heard that last November's Channel Tunnel blaze could have been averted, fell 5 centimes to FF76.50.

AMSTERDAM's AEX index topped 800 for the first time ever, but the higher than expected US housing starts gave shares a key downward shove and the index closed 0.72 lower at 794.30.

One of the day's biggest losers was CSM, which fell FF1.60 to FF104.50 on disappointment over Thursday's half-year results, and as ING Barings lowered its earnings estimates for the food group. Nedlloyd, which had been a remarkably strong feature ahead of next week's figures, came back from a high of FF15.30 to close still 60 cents higher at FF14.10, its low for the day.

MADRID got the rate cut it expected and promptly topped profits, the general index adding 2.85 to 543.91. The rate-sensitive banking

recurring loss of Y60bn and sold Y30 to Y170.

In Osaka, the OSE average added 167.92 to 20,991.56 and volume eased to 38m shares. MANILA dropped 2.1 per cent to close at its low for the week, weighed down by a weak performance by PLDT in New York overnight and lingering concerns that the Philippine currency would follow the Thai baht's path. The composite index dropped 54.96 to 2,576.13 as the central bank raised its overnight borrowing rate

from 13 per cent to 20 per cent, raising the spectre of higher commercial bank rates. PLDT fell by as much as 4 per cent in early trade after the sharp fall in its ADRs overnight, but subsequently recovered to finish 5 pesos higher at 735 pesos.

TAIPEI recovered some of the ground lost on Thursday on renewed demand for heavily weighted financial issues, attributed partly to intervention by government-related funds. The weighted index, down 2.3 per cent on Thursday, rebounded to an early 8,136.09 before persisting selling of electronics issues pulled it back to close 56.69 higher on the day at 8,081.79.

BANGKOK edged ahead as a return of currency stability encouraged foreign investors to buy discounted stocks on a busy day for corporate results.

THE WEEK'S CHANGES

| | % Change |
|-----------|----------|
| Paris | +5.7 |
| Istanbul | +3.4 |
| Madrid | +2.3 |
| Amsterdam | +1.7 |
| Milan | +1.5 |
| Frankfurt | +1.0 |
| Brussels | +0.8 |

Shenzhen

| | % Change |
|-----------|----------|
| Shenzhen | +11.2 |
| Shanghai | +10.3 |
| Bangkok | +7.3 |
| Taipei | +1.8 |
| Singapore | +0.3 |
| Sydney | +0.5 |
| Tokyo | +2.6 |

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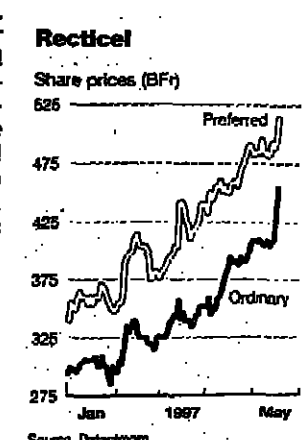
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Source: Datastream

and electrical utility sectors, which had risen in anticipation of the interest rate change, led the way down with falls of 0.6 per cent and 1.9 per cent respectively.

MILAN pulled back from its best levels as a downturn in BTP futures took the edge of the market on a busy day when turnover was boosted by the expiry of options contracts. The Comit index finished 7.06 higher at 782.38.

Credito Italiano, firm earlier in the week after a positive presentation to London analysts, tumbled 1.05 to L2,580 on profit-taking and arbitrage activity involving

warrants on the stock. BRUSSELS dropped out of record territory to close with the Bel-20 index 11.00 lower at 2,340.30.

However, the industrial foam maker, Recticel, saw its pref and ordinary shares continue their upward career, up BF20 at BF514, and BF22 at BF452 respectively, the latter showing a gain of 57 per cent this year.

Mr. Sebastian Scotney at Dillon Read observed that Recticel was a subsidiary of Societe Generale de Belgique whose own parent, Suez of France, was merging with Lyonnaise des Eaux. Suez wanted to focus on utilities, he said, and the speculation was that Recticel would be sold off along with other non-core activities.

ISTANBUL ran into profit-taking after the 8.6 per cent advance of the previous three sessions. The IMKB National-100 index closed 23 or 1.6 per cent lower at 1,492. Analysts said the mood had grown cautious ahead of a census debate in parliament next week which aimed to topple the Islamist-conservative government.

Written and edited by William Cochrane and Michael Morgan

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Recent strength in base metals prices helped BHP up 55.9 cents to A\$18.899; CRA rose 38.3 cents to A\$20.41 and WMC 21 cents to A\$8.08.

SOUTH AFRICA Disappointing results from some key companies left Johannesburg industrials lower while golds were weak in spite of an attempted recovery by the bullion price.

The overall index lost 30.3 at 7,142.8, industrials fell 19.4 to 8,421.2 and golds gave up 26.8 at 1,228.2. Against the trend, South African Breweries added 180 cents at R130.25 while Tiger Oats, the food and pharmaceuticals company was steady at R75.75.

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COMPANIES AND FINANCE

Amstrad planning Betacom transfer

By Alan Cane

Amstrad, Mr Alan Sugar's UK-based electronics group, is considering giving its entire holding in Betacom, worth about £30m (£48.6m) to its investors to honour commitments to improve shareholder value.

Betacom, also chaired by Mr Sugar, is a publicly quoted telephone equipment manufacturer with a market capitalisation of £48m; Amstrad controls a majority stake.

Amstrad indicated last month that it was seeking ways to return value to its shareholders "through a tax efficient mechanism". However, the latest proposal disappointed some analysts who had been anticipating a special dividend. They speculated that Amstrad shareholders would have preferred cash to paper.

Amstrad's shares rose 2p to 261½p on the news, while Betacom's dipped 4½p to 64½p.

The announcement follows a realignment of assets within Amstrad and its subsidiaries which essentially brings the curtain down on the Essex-based company as a consumer electronics manufacturer and marketer.

It is selling its consumer electronics business, including its expanding satellite unit, to Betacom, in which it holds a 65.4 per cent stake, for about £5.5m. Betacom said it would pay for the unit through the issue of 9.49m shares, lifting

Amstrad's stake to 69.7 per cent.

Assets transferred to Betacom include the Amstrad, Fidelity, Sinclair and Integra brands together with the related patents and intellectual property rights. Betacom will assume responsibility for all contractual obligations.

Amstrad said it believed Betacom would benefit from outright ownership of the brands, patents and technical expertise. "The acquisition of the Amstrad satellite

business and its related inventory is consistent with Betacom's plans to expand its operations into related areas," the company said.

The deal requires shareholder approval. If granted, Amstrad will be left with ownership of Viglen, the personal computer division, some smaller communications companies, and about £200m cash. That could be swelled by a further £100m if damages awarded to the company in London last week against Seagate Tech-

nologies, a US disc drive manufacturer, are upheld.

Mr Sugar has been streamlining Amstrad for some months. In April it sold Dancall, a manufacturer of mobile phones, to Robert Bosch of Germany for £32m. The sale netted a paper profit of £86m.

Dancall had been considered the jewel in Amstrad's crown and the sale was taken as evidence that Mr Sugar was determined to dispose of the remaining parts of the business.

NEWS DIGEST

Jarvis in joint venture talks

Jarvis, the UK facilities management, construction and property group, is discussing a possible joint venture in railway infrastructure services with Reliast, a management buy-out company in the sector.

The venture will involve Jarvis Facilities, a track maintenance company formerly called Northern Infrastructure Maintenance Company which it acquired a year ago. The venture would mean Jarvis entering the related field of track renewal.

Reliast consists of two track renewal companies, Scotland Track Renewals and Western Track Renewals. They and NIMCo were sold in the privatisation of British Rail Infrastructure Services, which the government split into track renewal companies and track maintenance companies.

Track maintenance companies have large labour forces for carrying out repairs, while track renewal companies have heavy capital equipment and smaller workforces. A venture between the two would be able to make efficient use of manpower and have a greater geographical reach in the scheme both Jarvis and Reliast would remain separate companies, but both would have stakes in a new entity.

The railway infrastructure companies can bid for contracts with Railtrack, the quoted track operator. Reliast was a management buy-out in February 1996 with Hambro European Ventures as its biggest institutional investor. It has turnover of about £60m and is responsible for 6,000 miles of track.

James Burton

Chamberlain Phipps sale

The materials business of Chamberlain Phipps, the UK footwear group which went into receivership last August, has been bought by a management team for an undisclosed sum.

Mr John Fallon, formerly finance director at British Shoe Corporation, is joining as managing director and buying the business, to be named Chamberlain Phipps Materials, together with existing management. Lloyds TSB is providing £2m in working capital.

The business accounted for about £38m of Chamberlain's turnover of £140m in the year to April 1 1996 - the last year for which results were filed. The French business, the largest operation, was sold before the company went into receivership.

Chamberlain was placed in receivership with debts of £47.5m just two years after it floated with a value of almost £70m.

Virginia Marsh

'Good progress' at Express

Lord Stevens, chairman of the UK-based United News & Media, said yesterday the circulation of The Express had stabilised and weekday sales had exceeded the second half of last year in each of the first four months of this year.

"I am pleased to report that The Express is making good progress. Its redesign is being well received by readers," he told the annual meeting yesterday. United was also planning to launch 30 new "pick-up" magazines in the US this year.

Lord Stevens conceded that the strength of sterling would affect the average rates used for the translation of foreign currency profits.

Raymond Snoddy

Tring meeting on June 16

Tring International, the UK budget music company, yesterday said the EGM called by rebel shareholders and founders Mr Mark Frey and Mr Jay Chernow, would be held on June 16.

Mr Frey and Mr Chernow are trying to replace the board, which includes chief executive Mr Philip Robinson, an old school friend of Mr Frey. The board is recommending rejection of the proposal.

National Power sells Southern holding

By Simon Holberton

National Power, the UK's biggest electricity generator, yesterday took a loss of about £1.5m (£7.29m) on the sale of its 8 per cent stake in Southern Electric, the regional electricity company. It acquired the shares a year ago during its unsuccessful bid for the company.

NP sold 38.6m Southern shares to HSBC James Capel in an overnight auction held by Schroders for 418p a share, raising a gross £161.5m.

More than a year ago the generator acquired the shares in the run-up to its bid. Mr Ian Lang, then trade and industry secretary, blocked the bid. Southern's share price then fell, leaving NP carrying a loss of about £50m on the stake.

It bought the holding at an average 970p a share, equal to 430p a share taking into account dividends and a capital reconstruction.

NP put a condition on the sale that a corporate buyer could not acquire more than 3 per cent. Southern is NP's biggest customer and the generator was content that it sold when no predators were stalking the company.

Southern is the last independent regional electricity company of the 12 sold by the government in 1990. NP had provided for a loss of £57m relating to the purchase of Southern shares, its bid costs and defence against a possible offer from the Southern Company of Atlanta. It ought to be able to write back about £50m.

Fine Art to spin off cards side

By Charles Gresser

Fine Art Developments yesterday announced plans to demerge its card division from its mail order business in an attempt to be better understood by the City and improve management focus.

The shares jumped 35½p, or 15 per cent, to 276p. Last autumn they tumbled 45 per cent after a warning about mail-order sales.

The demerger, which the UK company hopes could be effective before the end of 1997, will give investors a share in both businesses for every share they hold in Fine Art.

Analysts welcomed the move, pointing out that even on yesterday's rise, the shares were trading at a near-40 per cent discount to the market. "It's just worth more than that," said one.

The company also reported a 55 per cent drop in pre-tax profits for the year to March 31 to £24.2m (£39.2m), after an exceptional disposal loss of £5.9m. Operating profits on continuing operations fell 22 per cent to

£40.2m, on turnover of £359.8m (£362.8m).

Operating profits in the mail order division fell 32 per cent to £18m on static sales, while the card division suffered a 10.5 per cent profit fall to £22m because of restructuring costs.

Mr Keith Chapman, chairman, who owns 8 per cent of the company, plans to stay with the mail order division as executive chairman.

He said: "It's been difficult for the City to understand us. Manufacturing greeting cards needs different management skills to selling gifts on mail order."

The company's borrowings, which fell from £70.6m to £58.5m, will be apportioned roughly equally between the two divisions.

Earnings per share after exceptional items were 17.5p (43.9p).

A final dividend of 12.8p gives an unchanged total of 16.5p. Mr Chapman said that although the level of dividend cover was low, the board had not considered a cut in the dividend necessary.



Keith Chapman (left) and Tony Johnson, managing director: 'It's been difficult for the City to understand us'

RESULTS

| | Turnover (£m) | Pre-tax profit (£m) | EPS (p) | Current dividend (p) | Date of payment | Dividends in arrears (p) | Total for year | Total last year |
|-----------------------|------------------|----------------------------|----------------|----------------------|-----------------|--------------------------|----------------|-----------------|
| Chrysalis | 8 mths to Feb 28 | 59.3 (58.3) | 1.47p (2.98p) | 6.19 (8.25p) | - | - | - | 2.75 |
| Fine Art Developments | Yr to Mar 31 | 364.2 (364.9) | 24.2p (53.2p) | 17.27 (43.8p) | 12.8 | 12.8 | 15.5 | 15.5 |
| Lox | Yr to Dec 31 | 0.064 (-) | 5.87p (-) | 27.1 (-) | - | - | - | - |
| Osaka Wilsons | Yr to Dec 31 | 77.3 (84.5) | 7.38 (7.71) | 11.99 (17.63) | 3.75 | 3.5 | 4.75 | 4.5 |
| PSI | Yr to Mar 31 | - (-) | - (-) | - (-) | 2.5 | 3.75 | 5 | 6 |
| Supermarkets | Yr to Dec 31 | 3.41 (4.1) | 0.137p (0.33p) | 1.14p (1.13) | 1.1 | 1.1 | 2 | 2 |
| Western Selects | 6 mths to Mar 31 | 0.154p (0.094p) | 0.054p (0.05p) | 0.25 (0.19) | - | - | - | - |
| Investment Trusts | MAY (p) | Attributable earnings (£m) | EPS (p) | Current dividend (p) | Date of payment | Dividends in arrears (p) | Total for year | Total last year |
| Albany | Yr to Feb 28 | 185.87 (167.79) | 0.515 (0.565) | 5.05 (5.64) | 3.45 | 3.35 | 5.05 | 4.8 |
| City of Oxford | Yr to Mar 31 | 30.3 (28.3) | 1.71 (1.89) | 5.88 (5.59) | 1.7 | 1.7 | 5.8 | 5.5 |
| Overseas | 6 mths to Mar 31 | 469.4 (474.7) | 0.516 (0.481) | 1.35 (1.26) | 1.05 | 1.05 | 3.7 | 3.7 |

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. £4m stock. \$US currency. Total income. *Comparatives restated.

ISSUE OF £1,500,000,000

8% TREASURY STOCK 2021

INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER
FOR AUCTION ON A BID PRICE BASIS ON 22 MAY 1997

PAYABLE IN FULL WITH APPLICATION

With a competitive bid
With a non-competitive bid

Price bid plus accrued interest
£118 per £100 nominal of Stock

Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 23 May 1997.

Auction of Stock

1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids for the above Stock.

General

2. This prospectus is issued under the arrangements described in the Information Memorandum for Issues of British Government Stock published by the Bank of England on 27 March 1997 (the "Information Memorandum"). The terms of the Information Memorandum apply to the above Stock and to the auction described in this prospectus except where expressly varied.

Maturity

3. The Stock will be repaid at par on 7 June 2021.

Interest

4. Interest is payable half-yearly on 7 June and 7 December. The price payable for this further issue of the Stock will include an amount equal to accrued interest from 7 December 1996 (the last interest payment date of the Stock) to 23 May 1997 (the settlement date of this further issue) at the rate of £3.66027 per £100 nominal of Stock. This further issue of the Stock will rank for the full six months' interest due on 7 June 1997.

National Savings Stock Register

5. The Stock may be held on the National Savings Stock Register.

FOTRA exemptions

6. The Stock and the interest payable on it will benefit from the exemptions in favour of non-resident holders described in paragraph 20 of the Information Memorandum (FOTRA stocks first issued prior to 29 April 1996).

Gross payment of interest

7. Interest will be paid without deduction of income tax pursuant to a direction under section 50 of the Income and Corporation Taxes Act 1988.

Stripping

8. The Stock is potentially stripable: paragraphs 6 and 7 of the Information Memorandum therefore apply.

Methods of application

9. Bids may be made on either a competitive or non-competitive basis in accordance with paragraphs 8 to 16 of the Information Memorandum.

Non-competitive bids: amount payable on application

10. The amount payable on application in the case of a non-competitive bid (except in the case of a non-competitive bid made by a gilt-edged market maker), in accordance with paragraph 12(iii) of the Information Memorandum, is £118 per £100 nominal of Stock.

Latest times for receipt of applications

11. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP to arrive not later than 10.30 AM ON THURSDAY, 22 MAY 1997; or lodged by hand at the Central Gilt & Money Markets Office, Bank of England, Threadneedle Street, London not later than 10.30 AM ON THURSDAY, 22 MAY 1997; or lodged by hand at any of the Branches or Agencies of the Bank of England not later than 3.00 PM ON WEDNESDAY, 21 MAY 1997. Gilt-edged market makers may bid by telephone to the Bank of England not later than 10.30 AM ON THURSDAY, 22 MAY 1997.

Bids irrevocable

12. Bids will not be revocable between 10.30 am on Thursday, 22 May 1997 and 10.00 am on Wednesday, 28 May 1997.

BANK OF ENGLAND
LONDON

13 May 1997

APPLICATION FORM FOR 8% TREASURY STOCK 2021

Complete Section 1 or 2, plus Sections 6 and 8. Sections 3, 4, 5 and 7 should also be completed where appropriate.
TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND
I/We apply in accordance with the terms of the prospectus for competitive and non-competitive bids dated 13 May 1997 and the Information Memorandum for Issues of British Government Stock dated 27 March 1997 as follows:-

FOR COMPETITIVE BIDS ONLY

(ie for Stock to be purchased at the price bid plus accrued interest)
See notes (a) and (b) below.

Nominal amount of 8% Treasury Stock 2021 applied for:

Amount of Stock applied for Multiple
£500,000-£1,000,000 £1,000,000
£1,000,000 or greater £1,000,000

Price bid per £100 nominal of Stock, being a multiple of 1/32nd of £1:

PLUS accrued interest at the rate of £3.66027 per £100 nominal of Stock:

Total amount payable per £100 nominal of Stock (excluding accrued interest):

Amount required for payment IN FULL AT THE PRICE BID PLUS ACCRUED INTEREST:

FOR NON-COMPETITIVE BIDS ONLY

(ie for Stock to be purchased at the non-competitive sale price, plus accrued interest, as defined in the Information Memorandum)
See notes (c) and (d) below.

Nominal amount of 8% Treasury Stock 2021 applied for, being a multiple of £1,000, with a minimum of £1,000 and a maximum of £500,000 nominal of Stock:

Sum enclosed, being £118 for every £100 NOMINAL of Stock applied for:

FOR CGO MEMBERS ONLY

CGO Participant Number

Name of Contact

Telephone Number

REGULATED FINANCIAL INSTITUTIONS ONLY (unless Section 3 applies)

Name of Regulator

Membership/Reference Number

Country/Territory of Regulator

THIS SECTION TO BE COMPLETED BY APPLICANTS ACTING AS AGENT FOR ANY THIRD PARTY

(unless the applicant is a CGO member or is a UK or EEA regulated financial institution, and Section 3 or 4 has been completed)
Full name and permanent address of each third party:

FORENAME(S) AND SURNAME(S) ADDRESS (including postcode)

If additional space is required, please continue on separate sheet.

THIS SECTION TO BE COMPLETED BY ALL APPLICANTS

I/We request that Stock sold to us/ us be registered in the undermentioned name(s) and that any certificate be sent by post at our/ our risk to the first named holder at the address shown below.

IN THE CASE OF A NON-COMPETITIVE APPLICATION, I/We warrant that to my/our knowledge this is the only non-competitive application made for my/our benefit (or for the benefit of the person(s) on whose behalf I am/we are applying).

IN THE CASE OF AN APPLICATION BY A MEMBER OF THE CGO SERVICE WHO HAS COMPLETED SECTION 3, we request that any Stock allocated to us be credited direct to our account at the CGO. We hereby irrevocably undertake to accept such Stock by member-to-member delivery through the CGO Service from the Governor and Company of the Bank of England, Number 2 Account (Participant number 5183) by the deadline for such deliveries on 23 May 1997, and we agree that the consideration to be input in respect of such delivery shall be the amount payable by us on the sale of such Stock in accordance with the terms of the prospectus.

IN THE CASE OF AN APPLICATION MADE ON BEHALF OF A THIRD PARTY, I/We have obtained and recorded evidence of the identity of each person on whose behalf I am/we are applying, and I/We will on demand make such evidence available to the Bank of England or the relevant authority.

SIGNATURE(S) of, or on behalf of, applicant

Date

DETAILS OF APPLICANT(S) (if not the person(s) in section 5)

FORENAME(S) AND SURNAME(S) ADDRESS (including postcode)

NOTES

(a) A competitive bid may not be made by an applicant as agent for any third party unless the applicant is a member of the CGO or is a UK or EEA regulated financial institution.

(b) Except in the case of members of the CGO Service who have completed Section 3, a CHAPS payment must be sent to the Sterling Banking Office, Bank of England (Sort Code 10-00-00) for the credit of "New Issues" (Account number 58560009) quoting the reference "AUCTION", to arrive not later than 1.30 pm on Friday, 23 May 1997. CHAPS payments must be debited to an account in the name of the applicant (or an account in the joint name of the applicant and one or more others) held with a bank or building society in the UK.

REGISTRATION DETAILS

Stock may be registered in the names of individuals or a corporate body.

CAPITAL LETTERS PLEASE

Title Forename(s) in full Surname

Address

Postcode

Title Forename(s) in full Surname

Address

Postcode

Daytime Telephone Number (in case there is a query)

FOR BANK OF ENGLAND USE

Box No. 712

Transaction Number 163

New Account No.

Cert. Posted Date

The Stock will be registered on the Bank of England Register, unless you wish the Stock to be registered on the National Savings Stock Register (NSSR) (for which there is a maximum limit of £25,000 nominal of Stock) or at the Bank of Ireland, Belfast, in which case please tick the appropriate box.

NSSR

BELFAST

(c) A separate cheque must accompany each application. Cheques should be made payable to "Bank of England" and crossed "New Issues", and must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man. The Bank of England reserves the right to require evidence of the identity of any applicant for Stock or of any person for whom an applicant is acting as agent. An applicant lodging an application form in person should bring evidence of identity bearing the applicant's photograph (for example a passport) and evidence of the applicant's name and address from a third party, for example a recent bill from a gas, electricity or telephone company or a bank or building society statement.

(d) The procedure for any refund, or further amount payable, is set out in the Information Memorandum.

COMPANIES AND FINANCE

US West to shuffle \$4.75bn of assets within group

By Richard Waters in New York

US West, the telephone and entertainment group, yesterday revealed a plan to shuffle \$4.75bn of assets between its different business units, throwing further impetus behind its ambitious plan to become a dominant cable television company.

The move could help prepare the ground for the long-awaited

restructuring of Time Warner Entertainment, the cable television and entertainment giant in which US West owns 25 per cent.

The Colorado-based local telephone company has taken advantage of the stock market's recent unease about the outlook for cable companies, as well as the heavy indebtedness of many companies in the industry, to assemble the country's third-biggest

cable television operation, with 5m customers.

US West said yesterday it planned to shift its telephone directory publishing business, along with \$3.9bn of debt, from US West Media, the unit that owns its cable properties, to US West Communications, its telecommunications arm. The move will leave US West Media focused almost exclusively on cable, and in a far

stronger financial position to continue its rapid growth.

The directory business, which generated revenues of about \$1bn last year, makes most of its money from selling advertising space in its Yellow Pages publications. As part of the deal, US West Media will also receive \$850m of the separate "tracking stock" which is based on the communications group's perfor-

mance, taking the total value of the transaction to \$4.75bn.

The announcement came as US West Media finalised a separate \$50m agreement to sell its wireless telephone interests to AirTouch, the biggest pure wireless company in the US, in a move that will enable it to shed \$2.2bn of debt.

However, US West said both deals were dependent on a piece

of tax legislation before Congress not passing in its present form. This would block most spin-offs of business units in tax-free transactions, raising the cost of such deals.

If the deals go ahead, they would leave West Media with some \$3.9bn of debt, down from \$10bn at present. Based on its first-quarter results, its continuing operations would generate

some \$8bn of revenues this year, while it would be giving up businesses with revenues of \$2bn.

US West has set a high priority on winning an investment-grade credit rating for the business. However, the company is expected to assume more debt, along with a new batch of cable systems, through a long-awaited deal to untangle its relationship with Time Warner.

Viag, BT plan mobile service

By Ralph Atkins in Munich

Viag, the German conglomerate which is expanding into telecoms, moved yesterday to strengthen its growing relationship with British Telecom.

The Munich-based group announced an agreement with BT on a business plan that includes DM8.5bn (\$3.4bn) in investments and a new mobile telephone service in Germany from mid-1998.

However, Viag said it expected pre-tax start-up losses of DM350m this year from telecoms, up from DM100m in 1996. It also said regulatory and other hurdles would prevent it carrying out immediately plans to integrate fixed and mobile systems.

Viag Interkom - the joint venture with BT - hopes a

unified mobile and fixed service will give it an edge over rivals and make up for time lost between the liberalisation of Germany's market next January and the introduction of its own services. Initially the joint venture will operate in eight metropolitan areas.

Losses from Viag Interkom, which is not expected to break even until 2001, will hit Viag results this year. But Mr Georg Obermeier, chairman, said group pre-tax profits would exceed last year's DM2.35bn, itself a 5 per cent increase on 1996.

Turnover, which reached DM42.45bn in 1996, is expected to exceed DM45bn in 1997. The 1996 dividend is DM12 per share.

The deal signed with BT should ease speculation about a further realignment in the alliances ranged



Georg Obermeier: sees higher 1997 pre-tax profits at Viag

against Deutsche Telekom, Europe's largest telecoms group. Renegotiations had been required to accommodate Telefonor, a Norwegian company, as a third partner and to merge fixed and mobile services.

For the first three months of 1997, Viag's pre-tax earnings were DM674m against DM668m in the same period

a year before. Sales increased 13 per cent to DM23.2bn, largely as a result of growth from its packaging division and from Computer 2000, the computer products distributor.

Mr Obermeier said he expected the state of Bavaria to sell at least part of its 25 per cent shareholding in Viag.

US drinkers to get the taste of Kingfisher

By Richard Tomkins in New York

Kingfisher beer, an Indian brewer best known in the UK as an accompaniment to curry, is coming to the US through a venture by UB Group, India's biggest brewer.

The beer will be produced by an alliance of small US breweries formed by Mr Vijay Malviya, UB's chairman and one of India's most prominent businessmen, who announced the deal in New York yesterday.

Mr Malviya, whose UB Group is one of India's biggest companies, is entering the US market by investing in some of the small breweries making so-called craft ales that provide a fuller-flavoured alternative to Budweiser, Miller Lite and the other notoriously insipid offerings of big US brewers.

US sales of craft ales have surged in the past few years. Last year they rose 23 per cent, according to Liquor Database, an industry source. But the market has become saturated by large numbers of new operators, and with many of them lacking commercial expertise, profits have been scarce.

Mr Malviya plans to take equity stakes in some of the smallest breweries or acquire them outright, and merge them into United Craft Breweries, which aims to become the biggest US producer of craft ales.

Members of the alliance will continue to operate under their existing owners and retain their local identity. However, Mr Malviya believes they will operate more efficiently as a group sharing overheads, marketing and distribution.

"Essentially, this will be a group of small craft brewers joining hands and competing in the market as an alliance against the big brewers," Mr Malviya said.

Breweries signed up with the alliance so far include New Wester Brewing Company of Portland, Oregon; Mile High Brewing of Denver, Colorado; Bayhawk Ales of Irvine, California; North Country Brewery of Saratoga, New York; and Mendocino Brewing of Hopland, California.

As part of the deal, some of the breweries will make and market Kingfisher alongside their own ales, providing the beer with a third brewing base outside India and the UK. At present, Kingfisher is available in the US only as an import in the nation's curio houses.

Set against UB Group's 1996 revenues of about \$1.4bn, Mr Malviya's US venture is small. Investment this year is unlikely to exceed \$20m, and the alliance's 1997 revenues will be only about \$25m. But Mr Malviya believes he is laying the foundations for rapid growth. "It's small, but it's a start," he said.

INTERNATIONAL NEWS DIGEST

Costs warning hits Netscape shares

Shares in Netscape Communications, the Internet software pioneer, fell sharply yesterday after the company warned of rising costs. Netscape said it expected expenses to be higher in several areas including sales and marketing, research and development and acquisitions.

The company's shares were down 12.5 per cent at \$60.4 by mid-session. The stock has lost 60 per cent of its value in the past 12 months amid rising investor concern about competition from Microsoft, the software industry leader.

Also putting pressure on high-tech stocks yesterday were Hewlett-Packard's disappointing second-quarter results, reported after the close of trading on Thursday. HP earned 75 cents a share in the quarter, up from 69 cents a share in the same period last year, but 5 cents short of estimates. Revenues for the quarter, ended April 30, were \$10.34bn, up from last year's \$9.88bn.

HP was trading at \$52.40, in mid-session, 10 per cent off Thursday's close.

Louise Kehoe, San Francisco

Kvaerner sees improvement

Kvaerner, the Norwegian shipbuilding, engineering and construction group, yesterday predicted improved profits for the whole of this year, even after a 58 per cent fall in earnings for the first quarter.

In the three months ending March 31, pre-tax profits were Nkr224m (\$3.7m), after Nkr57m last time, as the company struggled with losses on its construction operations. But Mr Erik Tonseth, chief executive, said operating profits in 1997 would be better than in 1996, thanks to the integration of Trafalgar House, the ailing UK industrial conglomerate acquired last year.

Mr Tonseth said the large fall in first-quarter profits could be attributed mainly to a particularly large figure for the first quarter of 1996, which was not matched by earnings in the next quarter and was inflated partly by one-off sales of ships. He was pleased with the assimilation of Trafalgar House and the creation of a "good way of working" involving new and old parts of Kvaerner.

The company's oil and gas division produced a pre-tax profit of Nkr67m, after losses in the previous two quarters. The biggest contributor to profits among Kvaerner's divisions was shipbuilding, with pre-tax earnings of Nkr256m.

Peter Marsh

Dresdner drops Kleinwort name

By William Lewis, Investment Correspondent

Kleinwort Benson has been left out of the global brand name to be used by the new Dresdner Bank subsidiary responsible for managing its non-German asset management operations.

The subsidiary is to be known as Dresdner RCM Global Investors. Kleinwort Benson, the UK investment bank and asset management company, is owned by Dresdner, Germany's second-largest commercial bank.

Yesterday the new company announced it had completed the restructuring of its emerging markets teams. Following the shake-up, eight staff are to leave Dresdner RCM, including Mr Ken King, head of KBIM's emerging markets team in London.

Mr William Stack, formerly with RCM, is to head the new global equity team and will chair a six-person asset allocation committee. The team of 26 people will be responsible for managing investments around

the world worth \$2.5bn. "This is the last piece of the investment integration," Mr Stack said yesterday.

Last November, following poor performance by Kleinwort Benson Investment Management, Dresdner announced that all of its non-German asset management operations would come under the control of RCM Capital Management, a San Francisco-based fund manager owned by Dresdner.

The new asset management company also includes Thornton, a special-

ist equity fund manager. At the time of the announcement, Dresdner said the name of the new company had not been decided, but KBIM executives said privately they hoped the Kleinwort Benson name would be partly retained. Executives said yesterday that KBIM is likely to be retained for local branding in the UK.

Dresdner RCM has more than US\$50bn under management and more than 700 staff in the world's leading financial centres.

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

| NATIONAL AND REGIONAL MARKETS | | | THURSDAY MAY 15 1987 | | | | | | | | | | WEDNESDAY MAY 14 1987 | | | | | | | | | | DOLLAR INDEX | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Figures in parentheses show number of lines of interest | US Dollar Index | Day's Change | Point | Start | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | US Dollar Index | Point | Start | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | US Dollar Index | Day's Change | Point | Start | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | US Dollar Index | Day's Change | Point | Start | Yen Index | DM Index | Local Currency Index | Local % chg on day | Gross Div. Yield | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Australia (76) | 230.25 | -0.08 | 208.10 | 158.26 | 203.29 | 197.42 | -0.3 | 3.87 | 231.22 | 203.25 | 173.71 | 204.98 | 167.92 | 201.52 | 188.44 | 208.24 | 188.44 | 230.25 | -0.08 | 208.10 | 158.26 | 203.29 | 197.42 | 170.07 | 199.04 | 201.52 | 188.44 | 208.24 | 188.44 | 230.25 | -0.08 | 208.10 | 158.26 | 203.29 | 197.42 | 170.07 | 199.04 | 201.52 | 188.44 | 208.24 | 188.44 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Canada (24) | 190.84 | -0.08 | 172.48 | 140.06 | 168.50 | 168.45 | -0.08 | 1.88 | 192.62 | 173.91 | 143.92 | 170.12 | 170.07 | 199.04 | 201.52 | 188.44 | 190.84 | -0.08 | 172.48 | 140.06 | 168.50 | 168.45 | 170.07 | 199.04 | 201.52 | 188.44 | 208.24 | 188.44 | 230.25 | -0.08 | 208.10 | 158.26 | 203.29 | 197.42 | 170.07 | 199.04 | 201.52 | 188.44 | 208.24 | 188.44 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Europe (24) | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | -0.2 | 3.30 | 249.20 | 224.32 | 165.84 | 219.44 | 214.90 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 | 231.56 | -0.08 | 225.10 | 182.71 | 219.81 | 215.25 | 200.20 | 231.56 | 206.70 | 200.20 | 248.88 | 206.70 | 200.20 |

Ebner pays \$700m for stake in Winterthur

By William Hall in Zurich

Mr Martin Ebner, Switzerland's best-known corporate predator, has spent more than \$700m (£440m) to acquire a 14.5 per cent stake in Winterthur, Switzerland's third-biggest insurer, whose performance has lagged behind that of its bigger rivals.

BK Vision and Stillhalter Vision, two publicly quoted investment funds controlled by Mr Ebner, have acquired the stake in Winterthur this year. Clients linked to the funds control another 5.5 per cent.

Winterthur's shares have risen nearly 50 per cent this year and the value of the 20 per cent stake controlled by Mr Ebner is currently about \$720m.

Mr Ebner has built up large stakes elsewhere in Swiss financial services. He has been involved in a battle with the management of UBS, Switzerland's most powerful bank, because he believes they have not managed it in the best interests of shareholders.

Mr Ebner's staff insisted



Martin Ebner: has been involved in battle with UBS that his latest move was a "friendly" investment in a company with potential.

They said the investment in Winterthur was made because the company's decision to adopt a more focused approach since 1992 had not been fully reflected in its share price. Mr Ebner believes the Swiss financial industry is poised to consolidate.

Winterthur has close ties with Credit Suisse, seen by

analysts as a possible partner for the insurer.

In spite of Mr Ebner's assurances about Winterthur, the acquisition of a sizeable stake might be seen as a potentially hostile move. "Winterthur's name has been associated with a number of potential predators because it's quite big and not very profitable," said an insurance analyst.

Winterthur has diverse interests including a life assurance business which last year had premium income of \$1.5bn. It owns Churchill, the UK-based motor insurer. The group lifted net profits in 1996 by 21 per cent from \$141m to \$170m.

BK Vision and Stillhalter Vision owned no shares in Winterthur before this year. No shareholder had a stake of more than 5 per cent in Winterthur at the end of last year.

The funds' purchase of the shares was financed in part by the sale of UBS stock. Mr Ebner, however, increased his options position so the exposure to UBS's shares remained the same.

BP aims for \$1bn from solar energy equipment

By Leyla Boulton, Environment Correspondent

British Petroleum, regarded as one of the most environmentally aware oil companies, will announce on Monday that it plans to increase its sales of solar energy equipment from \$100m to \$1bn a year over the next decade.

Mr John Browne, chief executive, will reveal the target in a speech at Stanford University, California, on global warming, thought by scientists to be caused largely by fossil fuel consumption.

Mr Browne will acknowledge that solar power is not yet commercially viable in most applications. But he will argue that it can become a "competitive" supplier of electricity in the next decade with "appropriate public support and investment".

Mr Browne will announce that the company is to open its first US solar equipment factory at Fairfield, California, this year.

The plant, which will be one of the largest of its kind, will produce a new kind of glass-based photovoltaic panel which is cheaper to manufacture than its silicon-based predecessor.

Solar power was briefly popular after the oil crises of the 1970s, but then fell out of favour on economic grounds. BP created its solar subsidiary in 1981 and has stayed with the technology as equipment costs have fallen sevenfold.

BP Solar is the world's third largest company in the sector, with factories in Madrid and Sydney, and joint ventures in Bangkok, Riyadh, and Bangalore.

Mr Browne will say that "the frontier of commercial viability is always changing. Our aim is to expand that reach, not least in the developing world, where demand is growing very rapidly."

Solar panels are already commercially viable for the electrification of remote communities in the third world.

THE LEX COLUMN

Flying Footsie

How long can the euphoria last? The UK Labour party, traditional scourge of the financial community, has made a dramatic debut. The FTSE 100 index has risen 5 1/2 per cent since the election, and equity strategists have been scrambling to raise their year-end forecasts. Clearly Mr Tony Blair has sung the right tunes and the market has been in the mood to listen. The masterstroke, which provided a massive fillip to sentiment, was the surprise early move to grant the Bank of England independence.

Next week, however, could see the honeymoon interrupted. There is a good chance the US Federal Reserve will raise interest rates. This will hurt US share prices, and the UK will not escape the fall-out. Beyond that, two further difficulties loom. One is the mini-budget, perhaps due as soon as June 10. A windfall tax on the utilities is in the market, but other taxes on the corporate sector, such as reducing the tax credit on dividends, are not. They may remind investors that when the puppy-love phase is over, Labour still has teeth. And despite sterling's recent retreat, it could dampen earnings more than currently forecast.

Still, while these factors will slow the pace of advance, they should not drive the market into reverse. The earnings and dividend outlook is supportive, and the likely continuation of the rally in gilts provides a very positive backdrop. With few concerns about valuation, a target of 5,000 for the FTSE 100 at the year end up from around 4,700 now, seems reasonable.

Gallaher/Imperial

The British investing public will soon be awash with tobacco. When American Brands demerges Gallaher on May 30, few of its shareholders are likely to want shares in a UK tobacco company. And unlike Alliance & Leicester, British institutions will not have to invest in it to maintain portfolio balance. This could depress the prices of Gallaher and Imperial Tobacco - which will face arbitrage with its arch competitor - to attractive levels.

But which is the one to own? The choice is between Gallaher's smooth management and focus on brands, and Imperial's rough and ready approach and obsession with sweating assets. With UK cigarette volumes declining by some 2 per cent a year, prizes will go to the operator which holds UK

FTSE Eurotrack 200:

2360.0 (+10.4)



sales while finding new markets.

Imperial has the better record on profits and productivity. Gallaher has stronger brands, with Benson & Hedges and Silk Cut leading the premium segment of the market. But it, as it has promised, the government outlaw cigarette advertising. Gallaher's much-vaunted marketing abilities will count for less. Besides, premium brands have been losing out to cheaper ones. Higher duty and an advertising ban could only encourage this trend. Imperial's international strategy is also lower risk, albeit with lower potential rewards, and it has a firmer commitment to dividend growth. Both companies have the appeal of cash machines. But when the smoke clears from Gallaher's demerger, Imperial looks like the one to be holding.

Credit companies

The government is obviously still new enough to frighten the markets. Talk of a crackdown on companies that lend at high interest rates to people on low incomes yesterday knocked 5.7 per cent off the shares of the UK's four quoted weekly collected credit companies - Provident Financial, Cattle, London Scottish Bank and S&U.

These companies do charge some breathtaking rates - the APR on a six-month loan can be over 160 per cent against 15 per cent for a similar bank loan. But they take higher risks. Their loans are unsecured and bad debts typically run at 5 per cent of the portfolio against 0.4 per cent or so for banks. And they are not making excess profits: Provident Financial's 30 per cent return on equity last year was below that

of Lloyds TSB. In any case, the 8m people who use this type of credit would not qualify for a bank loan. So stamping on this industry, for instance by capping interest rates as in Italy, would merely drive business underground.

In fact, the government's real target appears to be so-called non-status lenders, which are more aggressive than the credit companies and impose punitive charges if repayments are late. That leaves Provident and its peers looking a little maligned and a little cheap.

UK corporate tax

One unhappy consequence of Britain's wide-ranging corporate tax review is the bizarre suggestion that is prompting. Take the latest rumour - that the chancellor might not slash shareholders' advance corporation tax (ACT) credit but instead go for something more novel. He could, say, let companies offset only a share of their ACT bill against mainstream corporation tax. Alternatively a new ceiling could be imposed on the amount of ACT which can be offset. Either way the idea would be to penalise dividend payments, supposedly to encourage investment.

Let us hope not. Imagine, for instance, that a new ACT ceiling were introduced. To many companies - those below the ceiling - this would make not the slightest difference. But the rest would have a powerful incentive to cut dividends back to the ceiling. One result would be precious little additional cash for the government. Another, as with dividend controls in the past, would be a compelling case for sub-optimal investment. Utilities would start buying hotels again.

What about cutting the share of ACT companies can reclaim? This should be seen as what it is: an increase in corporation tax for all companies; the higher the dividend payout, the higher the rate. Instead of removing an existing tax distortion - the institutional bias towards dividends - a new countervailing one would be added. Again it would encourage lousy investments.

But, some say, might it not do less damage to share prices than just cutting the ACT credit? Perhaps. It is true that a straight ACT cut could have an exaggerated impact thanks to actuaries' potty valuation methods. But fundamentally, £1 nabbed from the corporate sector by the government is worth £1 whatever the mechanism.

Eurotunnel shareholders may get dividend by 2006

By Ross Tieman in London

Eurotunnel hopes to pay its first dividend to shareholders in 2006, if its \$3.54bn (£1.4bn) financial restructuring is approved by its shareholders and bankers.

Documents to be sent to shareholders of the Channel tunnel company later this month are expected to show that it hopes to break into profit by 2005 or 2006.

But analysts say that if revenues fail to grow as fast as expected, a dividend could be delayed until 2011.

Brokers believe the company will have to show its most upbeat projections are credible to persuade its 700,000 investors to back the refinancing.

Many of the company's 600,000 French private share-

holders are furious at the fall in the company's share price. The shares, which peaked at 88p in 1989, closed yesterday at 70p, up 1/2p.

They are also deeply sceptical about a restructuring that would convert part of Eurotunnel's \$3.54bn of debt into shares, and leave its main creditors - banks and distressed debt funds - with up to 60.6 per cent of the equity.

Mr Patrick Ponsolle and Mr Robert Malpas, Eurotunnel's co-chairmen, are expected to warn that unless investors back the reconstruction, Eurotunnel will be plunged into insolvency, and shareholders would probably be left with nothing.

Holders of more than a quarter of Eurotunnel's equity must vote at an extraordinary meeting in Paris on July 10 if

the deal is to be approved. The full resumption of freight shuttle services is critical to the company's hopes of achieving profits by 2005 or 2006. They were suspended in November after a fire.

Analysts say concern over the safety of open-lattice rail wagons could derail profit projections. One said: "It is still 50-50 whether they [Eurotunnel] will get the go-ahead for full freight operation before the July meeting."

Revenue projections apparently assume significant rationalisation of rival ferry services across the Channel.

They also assume the completion of high-speed links between Brussels and Lille by the end of this year, and with London by the end of 2003.

'Arson' hint, Page 5

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Markets latest

| | | |
|-----------------------|-----------|-------------|
| FTSE 100 | 2,360.0 | (+12.7) |
| Yield | 4.88% | |
| FTSE Eurotrack 100 | 2,362.55 | (+23.3) |
| FTSE All-Share | 2,230.58 | (+0.2%) |
| Nikkei | 20,294.70 | (+288.42) |
| New York S&P 500 | 7,285.74 | (-47.5) |
| S & P Composite | 937.86 | (-4.22) |
| LONDON MONEY | | |
| 3-mo Interbank | 6 1/4% | (Jun 11/97) |
| Life long gilt | 6 1/2% | (Jun 11/97) |
| US LUNCHTIME RATES | | |
| Federal Funds | 5 1/4% | |
| 3-m Time S&P Yld | 5.18% | |
| Long Bond | 6 1/8% | |
| Yield | 6.89% | |
| NORTH SEA OIL (Argus) | | |
| Brent Dated | \$16.74 | (18.18) |
| GOLD | | |
| New York Comex (May) | \$348.9 | (+47.6) |
| London | \$344.25 | (+48.65) |

| | | |
|-------------------|---------|-----------------|
| STERLING | | |
| New York Linttime | \$ | 1.6655 |
| London | \$ | 1.6575 (1.6404) |
| DM | 2.774 | (2.7858) |
| FF | 5.345 | (5.350) |
| SFR | 2.391 | (2.3528) |
| Y | 162.845 | (160.444) |
| E Index | 95.8 | (96.0) |
| DOLLAR | | |
| New York Linttime | \$ | 1.6655 |
| London | \$ | 1.6575 (1.6404) |
| DM | 2.774 | (2.7858) |
| FF | 5.345 | (5.350) |
| SFR | 2.391 | (2.3528) |
| Y | 162.845 | (160.444) |
| E Index | 95.8 | (96.0) |

FT WEATHER GUIDE

Europe today

The Low Countries, France and parts of Germany will have a warm day with maximum temperatures of between 25C and 29C. A few heavy thunder showers will develop over northern France, Belgium and the Netherlands, bringing a risk of hail and gusty winds.

The British Isles will be mainly cloudy with thunder showers over northern areas.

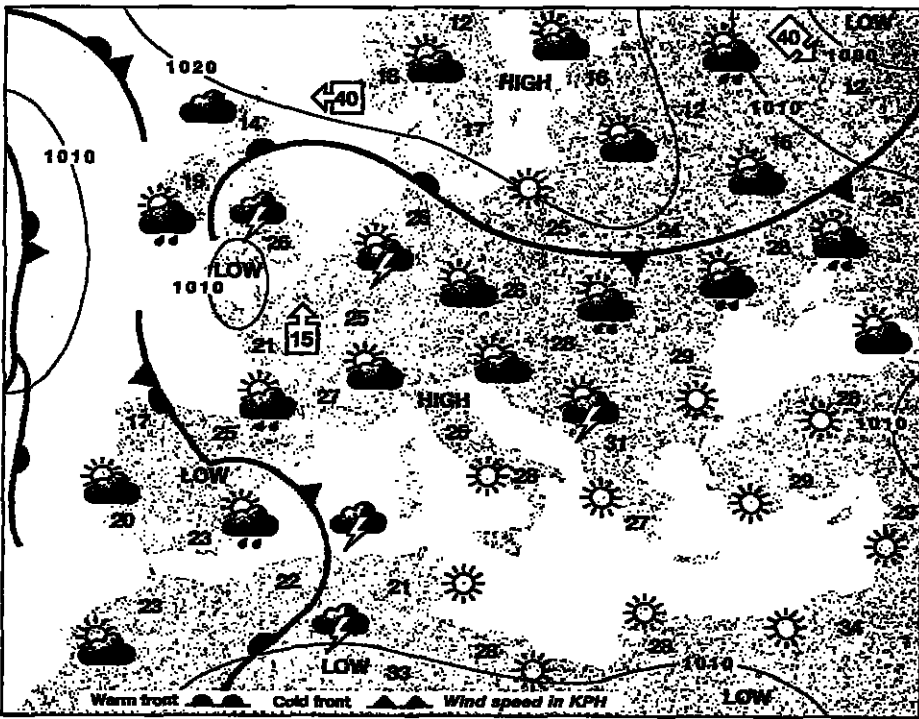
North-eastern Spain will be showery, while Italy will have plenty of sun. The interior of Greece and Turkey will have isolated thunder showers, but the Greek islands will be sunny. Northern Europe will be cool and dry.

Five-day forecast

Spain and Portugal will be very unsettled during the next couple of days. The Low Countries, France and Germany will have frequent thunder showers, some of them heavy. Northern Europe will stay cool and will become increasingly showery.

TODAY'S TEMPERATURES

| | | | |
|-----------|----------|-----------|---------|
| Madrid | sun 30 | Caracas | sun 31 |
| Cairo | sun 30 | Cardiff | show 17 |
| Colombia | sun 30 | Geneva | sun 21 |
| Accra | show 31 | Chicago | sun 28 |
| Algeria | show 21 | Cologne | sun 27 |
| Amsterdam | thund 25 | Dakar | sun 27 |
| Athens | thund 26 | Dallas | sun 30 |
| Atlanta | thund 27 | Delhi | sun 37 |
| B. Aires | thund 28 | Dubai | sun 37 |
| B. East | rain 23 | Dublin | show 19 |
| Bangkok | thund 38 | Dubrovnik | sun 27 |
| Barcelona | show 20 | Edinburgh | rain 14 |



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

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to any harm. But to undertake this daunting task, we urgently need your help. So for more information on our valuable work and to make a donation, call 0171 978 5987. Or as little as £10 per child, we can help create a safe play area.

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children in crisis

مركز الأحياء



Lovable slugger
'I'll probably die an absolute pauper but I'll have had a hell of a time.'



Murderous melting pot
'If I had had a derringer in my handbag I might have shot him between the eyes, such was my crossness.'



Village-city living
'There are people who like their garden, but I'm happy sitting on my balcony.'
A focus on City and Docklands property

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Pages XII-XV

Death of the Salaryman

The selfless, salaried samurai, one-time superstar of Japan's golden economic era, is now a misfit, shunned by company and family, says Michiyo Nakamoto

The salaryman. The man in the blue synthetic suit. The selfless, salaried samurai whose office efforts were dedicated to the causes of company and country, whose family name was proudly placed second to that of Mitsui, Sumitomo and Mitsubishi.

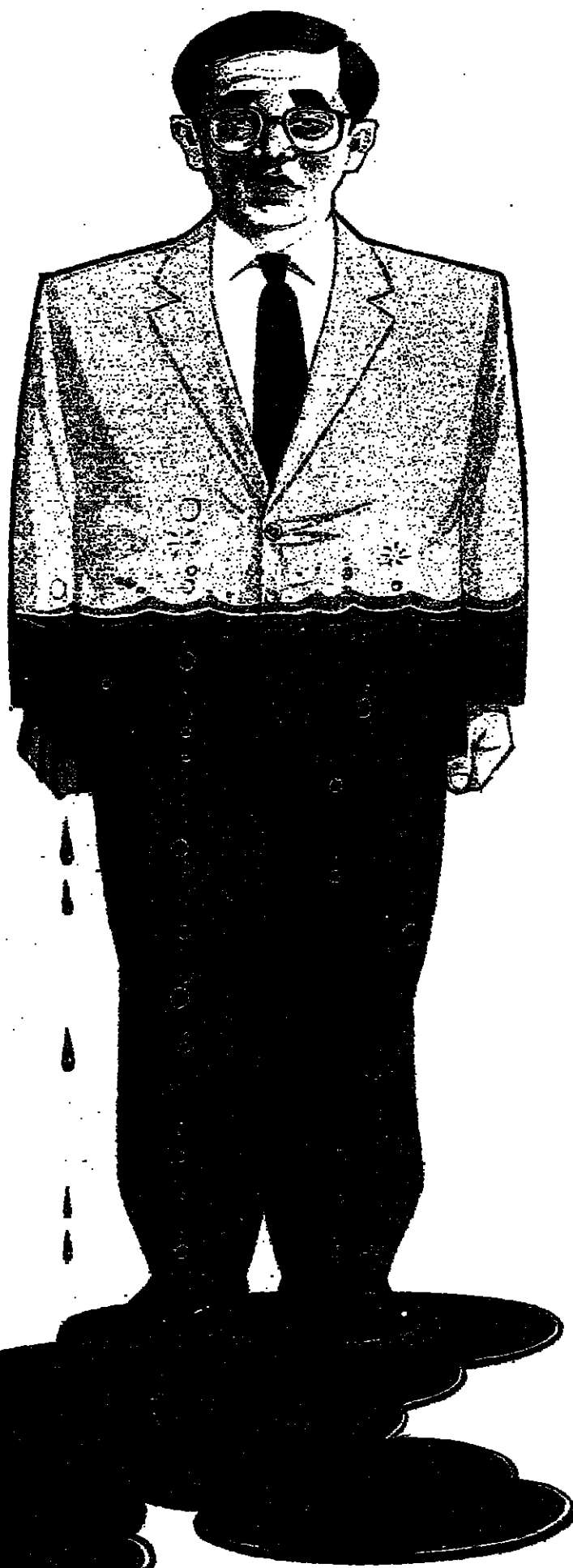
The rustless cog in the machine that dragged the country from deprivation to domination in four decades. The almost perfect employee whose eternal devotion was reciprocated by company and borrowed by the makers of western management manuals. The "model worker" of capitalist realism and a national hero.

Even at its peak, the corporate cult of the salaryman was unglamorous. Every morning, dressed in a nondescript two-piece, perhaps bought at a nondescript retailer called Taka-Q, and clutching a worn-leather briefcase, the harried salaryman could be seen walking briskly or pedalling his bicycle to the nearest train station in Greater Suburbia, Japan.

The ride into town was an hour-long journey of guaranteed, clammy claustrophobia in a carriage smelling of too much hair grease and yesterday's sake. The reward for the journey was a seat at a long desk with built-in hierarchy.

The superior salaryman, the section chief, whose job you craved, sat to the left and lorded over you in the same way that you lorded over the more junior colleague on your right. The burden was carried into the bar after work, where deference hardly dissipated after three drinks.

But, even for those aware that the prestige came with pain, there were social certainties that doubled as the pillars of personality. Throughout the golden era of Japanese economic growth, the salaryman knew that as long as he worked as hard as the next man, and didn't leave the office too early, his job was rock-solid secure, his income would



CUMMINGS

rise inevitably with seniority. His living standard would improve, and his identity was clearly and perpetually defined.

Tumultuous years were over. For some time, it had become burdensome to talk or play with his children. Nor could he keep his wife company. "I have many more years to live like this!"
The Baby Boom Generation, Taichi Sakaiya.

The salaryman is still sitting by the window, contemplating the clock, watching for executive movements in the

corridor, while the world is passing him by. Japan has risen, inspired a paranoia in the US and Europe, and peaked. Japanese companies, like their western counterparts, are up against hungry, low-rent competitors in east Asia. The economic fundamentals are not favourable and lifetime employment is an unaffordable luxury.

More disturbing is the turn of the social tide. The salaryman is now a figure of fun, not a role model. The honour and glory of total devotion is seen as almost mindless mediocrity. He is a misfit. Perceptions have

been changing gradually over the past decade, but the salaryman superstar can be pronounced dead. If he were a warrior, he would have already committed seppuku.

There were early signs in the mid-1980s. In the satirical film, *Congratulatory Speech (Shukufu)*, Ryosuke Saitome is a living portrait of supreme dedication, but his unspectacular achievements are challenged when, one day, he is asked to give a speech at the wedding of the vice president's son - an honour far beyond the abilities he has haplessly cultivated. Day and night he

frets, trying to devise a clever speech that will please and not offend his superiors.

After much hard work and worry, Saitome comes across the perfect anecdote. But, just before he is scheduled to deliver his speech, his immediate boss tells precisely the same story he had so carefully prepared. The cruel turn of events leaves him crestfallen, humiliated and speechless.

"The Japanese have worked very hard throughout the postwar years, the economy has grown to a certain extent amid stable

prices and Japan is supposedly an affluent and comfortable place to live, but, for salarymen in their 30s and 40s, we cannot feel that affluence," says a report put together by bright young businessmen belonging to the Keizai Doyukai (the Association of Executives) who call themselves the Group 94 after the year in which they felt compelled to convene.

The Group 94 is designing a new model of salaryman, a professional in his field who invests in his own personal improvement, spends time with his family and friends, goes fishing at weekends and voluntarily works for the good of the community. This advice was taken by Kunitake Fujita, who left IBM Japan, where he had worked loyally for 28 years, to train the disabled: "I believe my work at IBM contributed to social good but only in an indirect way. Here, I feel every day that I am contributing to society and that gives me a purpose in life."

But the transition is taking a toll. The National Police Agency has identified men between the ages of 40 and 59 as the group recording by far the largest increase in suicide since 1990.

Some cases are the traditional taking of responsibility for large errors, but many others are the result of a personal crisis - a Tokyo hospital reports that more than 70 per cent of men in their 40s and 50s seeking treatment for depression express the desire to commit suicide.

Companies must take blame. An endless series of scandals has undermined their prestige and that of their workers. From Sumitomo Corporation to Daiwa Bank and Nomura Securities, fine reputations stretching back into the last century have been sullied in the 1990s. These same companies are cutting staff and transferring mainstream workers to less prestigious, more obscure subsidiaries. Only 38 per cent of Japanese companies surveyed this year by the Nikkeiren, the Federation of Employers' Associations, believed that the system of lifetime employment should be retained.

"Our generation was taught that if they tried hard enough, if they worked hard enough, they would be rewarded," says Toru Inoue, 45, who works for a US company after having left two Japanese employers. But, Inoue insists, many people found that there weren't enough rewards to go around, and that even if they reaped rewards, personal satisfaction was not guaranteed.

Sixty per cent of families own their own home and virtually all have a television or two, but Akio Morita, the Sony founder, has conceded that the country's employees have been overworked and underpaid.

Perceptions are still influenced by the wild years of the late 1980s, the "bubble era", when rising asset prices made millionaires of those who dealt in equities and property. The speculator had become the star and the salaryman was a schmuck.

They were collecting Post-Impressionists and he was still taking the train to work. Surging land prices meant that getting out of the *danchi*, the ugly tenement tower blocks in the suburbs, became increasingly difficult. Multi-generational home loans were created to stretch the ever-longer repayment period.

For a growing number of workers in their 40s and 50s, there is no longer the promise of an easier life to compensate for the hardships endured in youth. Business leaders, management consultants and academics are telling the salaryman to be self-reliant and to pursue his own goals rather than those of the company. A couple of years ago the government formally suggested that Japan become a "lifestyle superpower". It was not the way he was brought up.

"There are many people among the baby-boomers who are highly motivated and extremely hard-working. But there are also many people who leave the company because they feel they don't fit in," says Yoshinori Takada, manager of the planning and administration department in the plant engineering division at Mitsui Engineering and Shipbuilding.

"The salaryman's job is a carefree one, yes it is. He may have a hangover, or still be half asleep, but all he has to do is punch in the time card and everything will be ok."
Crazy Cats, The Donito Song

But where do you go at 46, after 24 dutiful years at Yamaha or Kawasaki? Do you start a company? How do you win the respect that was promised and denied?

Television comedians, the great social arbiters in Japan, make clear that you are a buffoon, lacking in social skills and comfortable only in the company of your desk. Even *pachinko*, the addictive pinball game of the masses, has turned trendy and away from the salaryman.

The new-fangled Maruhan Pachinko Tower offers Prada purses and Christian Dior body-toning cream as prizes for the punters, and makes clear in its advertising that young players are unlikely

The honour and glory of total devotion is now seen as almost mindless mediocrity

to find themselves stuck beside a boring bloke in a blue suit.

Even at home, the salaryman is increasingly uncomfortable. Teenage daughters, fashionably obsessive about cleanliness and physical attractiveness, refuse to walk side-by-side with them for fear of being seen by friends. In the office, young women workers, manicured and conditioned, scowl at the dandruff flakes, the paunch, the clothes and the bad breath.

He is targeted in embarrassing train advertisements encouraging him to buy a wig and mouth wash, and to treat malodorous socks with a new antiseptic formula.

The problem is more than a mid-life crisis for the average urban male. The country's self-image was built around two streams of modern employee: the ruthlessly efficient factory worker and the white-collar professional. The word salaryman, *sarariman* in Japanese, surfaced in the Taisho period (1912-1926) to distinguish this emerging, administrative class, easy to idealise because of the more civilised, thoroughly modern work environment.

The perceived need was for enthusiastic, but not necessarily individualistic, employees able to pursue the national goal of rapid economic growth. But having reached Number Two, and realised that, soon enough, China will push it back to Number Three, Japan no longer has economic development as its sole reason for being. The historic mission of this century is over. The national faith has fragmented into new sects and superstitions, among which was Aum Shinrikyo, the cult responsible for the subway gas poisoning of two years ago.

The Salaryman Movement has always been short on spirituality. The corporate lapel badge was proof of devotion, and the after-work alcohol was the almost daily blessing of the lifestyle.

Now, personal development is the approved goal. There are signs that the blue suit is gradually being swapped for shades of green and brown, the hair is seeing more shampoo, the ties are louder and the holidays are a few days longer.

Having died his corporate death after a century of toil, evidence is accumulating that Japan's salaryman is getting a life.



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INSTRUMENTS FOR PROFESSIONALS

This week's contents and columnists

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Joe Rogaly
Pure and good tales

'We cynics must resist the temptation to pelt it with rotten tomatoes'

Page III

True Fiction
James Morgan

'Opera-goers emerged with jumbo packs of Black Shag tobacco, perfume...'

Page XXIV

PERSPECTIVES

The Nature of Things Headed this way from a galaxy near you

Astronomers are baffled by the source of gamma rays bursting in space. Clive Cookson reports

For 25 years, scientists have been mystified by bursts of radiation at astonishingly high energy levels, which occasionally bombard the earth from space. Proposed explanations for these "gamma-ray bursts" range from cataclysmic events in distant galaxies, such as collisions between neutron stars, to bizarre ideas about exhausts from alien warp-drive engines.

Although observations this spring have taken astronomers some way towards identifying the source of the bursts, including an important breakthrough this week, the mystery is not yet solved.

US spy satellites first detected intense flashes of gamma rays (radiation at the high-energy end of the electromagnetic spectrum beyond X-rays) in the late 1960s. The Pentagon's scientists soon laid to rest early suspicions that the bursts were signs of secret weapons tests, because no man-made process could produce so much energy. But their observations were not declassified until 1973.

Since then, astronomers

have observed the bursts through an increasingly sophisticated series of satellites - fortunately for us, the earth's atmosphere absorbs gamma rays and prevents them doing any damage to life or property here.

Bursts occur at an average frequency of about one a day but there is nothing regular or predictable about them. Their duration varies from a few milliseconds to many minutes, and they come randomly from all directions in space.

The greatest uncertainty is how far away they come from. Most astronomers used to believe that the bursts originated within our own Milky Way galaxy, probably from neutron stars. These ultra-compact bodies result from the gravitational collapse of old stars; they are only about 10km across, with a density of 100bn tonnes per cubic metre.

Many different processes involving neutron stars were proposed, including starquakes, nuclear explosions, magnetic flares and impacts by comets and other bodies.

But observations from the US Compton Gamma Ray Observatory, launched in 1991, appear to rule out

sources within our own galaxy. It is a conclusion based on the distribution of the bursts, which is a perfect sphere. There is no bias towards the centre of the Milky Way.

That leaves two possibilities. Either the Milky Way is surrounded at a distance of more than 100,000 light years by a spherical halo of neutron stars (travelling at such high speeds that they have escaped the galaxy's gravitational pull). Or the gamma-ray bursts are coming from other galaxies billions of light years away.

The latter idea has more supporters, even though it involves the release of mind-boggling amounts of energy. Joshua Bloom, a gamma-ray investigator at Cambridge University's Institute of

Astronomy, says that if the bursts are occurring in distant parts of the universe, "then they are the most energetic phenomena known to humanity, releasing as much energy in a few seconds as the sun does in 10bn years".

His colleague Martin Rees, the Astronomer Royal, has developed a model of a relativistic fireball, which could release enough energy following a collision between neutron stars.

A "binary neutron star" would offer the most likely circumstances for such a collision. This would involve a pair of neutron stars, revolving around one another and growing gradually closer over hundreds of millions of years, until they suddenly crashed together.

The collision would create a black hole, converting about 10 per cent of the stars' matter into energy within a fraction of a second. Debris from the explosion, travelling at nearly the

speed of light, would then hit the surrounding interstellar gas and release an intense burst of gamma rays.

The main problem for astronomers trying to pinpoint the source of the bursts has been the difficulty in focusing gamma rays. But an Italian-Dutch satellite called BeppoSAX, launched last year, carries equipment to locate them more accurately.

On February 28 this year, BeppoSAX enabled astronomers for the first time to correlate a gamma-ray burst with a fading source of visible light - presumably the afterglow of the original explosion - which was then seen for nearly a month by several ground-based telescopes and the Hubble Space Telescope.

Unfortunately, the observations were not clear enough to establish the distance or type of object responsible. And there were

conflicting claims about whether the light source was moving across the sky - implying that it was within the Milky Way - or stationary, which would place it in a distant galaxy.

This week, however, the Internet has been buzzing with reports of a second gamma-ray burst with a brighter afterglow. The most exciting thing, Rees says, is that the light was bright enough for the 10-metre Keck telescope in Hawaii to estimate the distance - several billion light years - by analysing its colour spectrum.

If the Keck finding is confirmed, it will clinch the argument in favour of cataclysmic events in distant galaxies. Observations of future bursts identified by Beppo-

SAX will then enable astronomers to analyse the radiation in more detail and assess what is now clearly the leading theory: colliding neutron stars.

The universe contains millions of galaxies, and the theory suggests that a collision between neutron stars is likely to occur in a typical galaxy such as the Milky Way about once every million years.

Let us hope that one does not happen near our solar system, because the resulting gamma rays would, at the very least, be a serious disruption for human civilisation, knocking out communications and electronic equipment. If it were very close, it would expose all life on earth to dangerous levels of radiation.

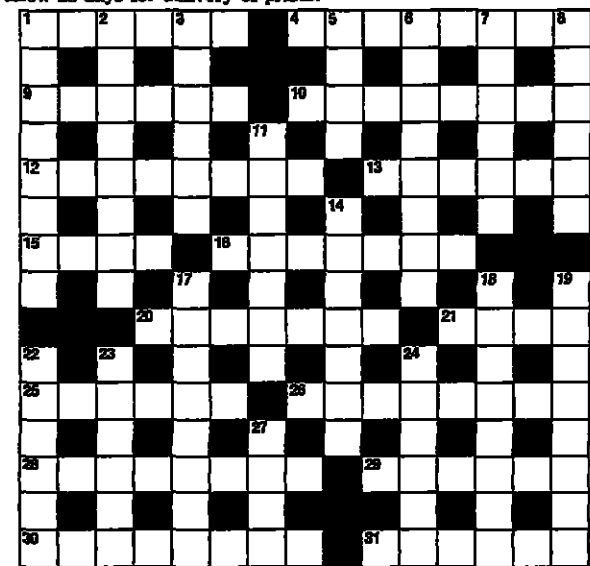


Ingram Finn

CROSSWORD

No. 9377 Set by DINMUTZ

A prize of a classic Pelikan Souvenir 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday May 28, marked Crossword 9377 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8UL. Solution on Saturday May 31. Please allow 28 days for delivery of prizes.



Name _____
Address _____

- ACROSS**
- Henry approaching lines I would cross (6)
 - Abandon record - defective, we hear? (8)
 - Tailor in a mess in market (6)
 - Catastrophe, a concomitant of Kipling's triumph? (8)
 - Chief not recommended for the elderly (8)
 - Secluded spot in a long bay (6)
 - Firm call for silence in club (6)
 - Term inside distance? (7)
 - Beer cask in the front part means a lot? (7)
 - The game's up! (4)
 - Old large stove in Dutch house (6)
 - Resort said to become less cloudy (8)
 - Worth a few smackers? (8)
 - Poisonous beef in tins (6)
 - Going over South American country, make notes (8)
 - Austrian composer seen latterly in Norwegian port (8)
- DOWN**
- Book difficult to promote (8)
 - Flourish with cereal grain on plate (8)
 - Campling design? (6)
 - I twice set the bird (4)
 - Plant secure after tea (8)
 - Father of gold-headed thunder-god (6)
 - Opening of Maurice Ravel's arrangement is a wondrous thing (6)
 - Discontent a soldier visiting gallery (7)
 - Cheap restaurant in America dishes out any beer? (7)
 - Old neat pot for clover (8)
 - Fashion right now in Sussex resort (8)
 - Suspect behaviour of boy on leaving (6-2)
 - To progress, do research in libraries (4-2)
 - Heavy rope was her undoing (8)
 - Wild region to pass over (6)
 - Design of tailless aircraft (4)

Solution 9,376

HONESTY DARING
AOWA RANNA
ROUETTE ACTUAL
DOETS HNNL
LEAPPAINT ADITYO
V B C A N A W
RATE REGATTA
E S P E E V
ELEGANT DANCE
S O B A O I P S
TAINIT RIGHTHOOK
C M M N M T E
UNEVEN FORECAST
A N M S M T C
ESTIMATE BEHEMOTH

Solution 9,365

COMATOSE DOLLOR
HIRE EMP POE
ENNUI COUNTRY
L I D G I S I
SPARKLING GREEN
E T O A S A E
PUFFER TAILIBAN
A R T I U T
BEECHAM MOLES
S E A P U I F
TOWEL MERCURIAL
A I M S S C O
AUTOGRAPH INKER
C H L A O E I
TAINITI PLANKTON

WINNERS 9,365: Mrs Elise Nelson, Dumfries; Mrs M. Donald, Bracon, Perth; D.A.C.T. Hancock, Combe Florey, Devon; S.D. Hurd, Ulverston, Cumbria; R.D. Sutherland, Sidmouth, Devon

CHESS

Garry Kasparov, world champion since 1985 and highest ranked player of all time, has won many prizes in his career, yet it seems likely that his most quoted game and result in years to come will be the disaster he suffered in New York against the IBM super-computer Deep Blue.

Deep Blue won the series 3½-2½, Kasparov's first ever match defeat; and it crushed him in the final game after one hour's play and 19 moves. The immediate cause was a transposition of moves, playing Black's eighth as his seventh; but the match had already gone wrong. After winning game one, Kasparov resigned game two in a drawn position; Deep Blue escaped defeat in game five by an amazing defensive resource.

By now Kasparov was not only depressed and exhausted but paranoid; and after he lost he hinted that IBM's programmers had found ways to adjust their machine during play. The truth was that Deep Blue's program had been remarkably improved since the 1996 match which it lost 2-4; while Kasparov, who is used to psyching opponents and pre-analysing hundreds of their games, lost control.

The puzzle is to reconstruct the game which reached this position after Black's ninth move. Black's 17 queen is the key, and there is some surprising play in the gamelet.

Solution back page
Leonard Barden

BRIDGE

Good players always endeavour to involve their partners in high level decisions, which is why full disclosure is as vital when contemplating a sacrifice as it is on the delicate road to a slim slam.

N
♠ J 6
♥ K Q J 9 7 4
♦ A 10 8 5 4
♣ -

E
♠ A K Q 10 7 5
♥ 6 2
♦ J 9
♣ K 4 3

S
♠ 8 2
♥ A 10 5 3
♦ K Q 2
♣ 9 6 5 2

Playing in a match with only simple systems permitted, both Norths made simple overcalls of 2H after West's 1S opening. East bid 2S, South 3H, and West 3S. At this point the auctions diverged, only slightly, but very significantly.

At the first table, North merely bid 4H and, when

Minding Your Own Business

The doctors' physicians

Grania Langdon-Down on one remedy to surgery expansion

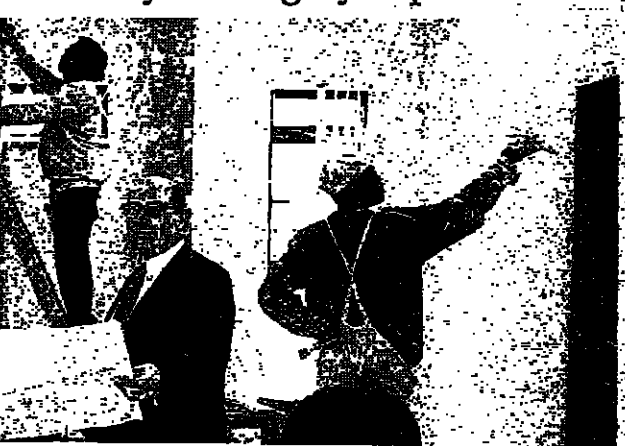
Doctors have every reason for feeling under the weather when they decide to expand their surgeries. How would anyone feel when faced with business plans, surveys, estate agents, valuers, assessors, planners, architects, finance companies, lawyers and the health authority?

Unable to heal themselves, the physicians are in need of help. And that can be found in father and son, Stuart and Alan Gavurin.

As a former director of a north London health authority between 1992 and 1995, Gavurin junior was responsible for commissioning new surgeries and developing other local health facilities. Used to seeing doctors sinking in a sea of paperwork and indecision, he believed he knew just the person to help them - his father, Stuart.

If he could diagnose the doctors' problems early enough, then together they would be able to turn the remedies into a business opportunity.

Stuart Gavurin, 61, an accountant with 30 years of experience working with small businesses, was at the time specialising in overseeing development projects, from raising the finance to paying the bills.



Alan and Stuart Gavurin - a cure for those property ills

It took Alan, 36, four years to convince himself that going into business with his father would work after assessing how their different expertise could fit together. Then Alan took the plunge in 1995 and left his well-paid job to set up a new partnership with his father.

"Looking at it from my side of the fence, I could see the government was putting money into developing primary care services. But most health service managers and doctors did not have much experience of the world of property developers. So there were funds for doctors but no one with the expertise to put the packages together," he said.

Stuart, on the other hand, had already moved into this area after the property market collapsed at the end of the 1980s. He had set up his own consultancy, SLG Business Consultants, in 1986 helping large commercial property developers raise

capital for their projects. "But by the end of the 1980s the weak companies had gone bust and the strong ones were saying, 'sorry, Stuart, but there's nothing for you'," he recalled.

He needed a new line of business and found it in 1991, when, coincidentally, he was asked by Lambeth, Southwark and Lewisham Health Authority to help some local doctors find and develop a new surgery.

"It was a difficult project involving the purchase of a pub and the development of flats above to make it viable, which only two of the eight partners wanted to be involved in. It took over a year to buy the property and 18 months to complete the work on it."

This led to more work for Stuart in the primary health care field and during the early 1990s, father and son developed the idea of acting as a conduit between health authorities, doctors and the array of professionals involved in building projects.

"I had believed I would work for health authorities for the duration because I never wanted to be in private business. But we had an idea for a service which would be of real benefit to the public sector," Alan said.

"I wanted it to be a new business, not me just joining Stuart's company. So in April 1995 we set up DSP, The Development Support Partnership, offering property, organisational and personal development services within the primary health care field."

About three-quarters of their work comes from

health authorities in London and south-east England. Some doctors employ them directly, as they can be reimbursed by health authorities for some of DSP's fees as project managers. Between them, they have worked on 40 such projects, half now completed. "We say to doctors, we will run the project for you, down to making sure the right amount of money is in your account at the right time to pay the bills," Stuart said.

Alan added: "Doctors are very frightened of losing money to sharp operators in the property world so we have deliberately kept ourselves independent."

"We have had considerable offers from developers and others saying if you sign up with us we could do good business. But we want to be able to offer doctors the best possible choice of professionals to work with without us having any vested interest in their choice."

Leaving his well-paid job was a nervous time for Alan, who has two daughters aged four and one. "We took a conscious decision to keep all our costs and commitments as low as possible."

"Our office is based at Stuart's house in Wembley Park, Middlesex, spending about £3,000 on computers. We don't employ any staff and buy in any expertise or secretarial work we need. Meetings are generally held at the clients' offices but otherwise we will meet somewhere mutually convenient, like the National Theatre on the South Bank."

DSP in its first year

■ DSP, 29 Barn Hill, Wembley Park, Middlesex HA9 9LF. Tel: 0181-904 3165, fax: 0181-385 0195

مركز الأخبار

PERSPECTIVES



Joe Rogaly

Three tales of purity, honesty and goodness

Britain, Shell and News International all have something in common – benevolent intentions. So they say...

Three major powers – Britain, Shell and News International – issued important foreign policy statements this week. We have placed them in ascending order of potential impact and descending order of moral aspiration. Fortunately for our sense of tidiness, the lists coincide.

It is neat, is it not? Of the three, the brand-new British government may have the least ability to influence everyday life in countries other than its own, and the starkest eyes. Royal Dutch/Shell's purview is beneficent or infamous, depending on what you believe. Either way, it asks us to take its declaration of care for the environment and human rights on trust. Rupert Murdoch's News International is an inter-galactic media force. We may wonder how it came to be

so but suspect that morality had nothing to do with it.

Zoom in on these icons. Britain's foreign secretary announced on Monday that ethics is to be a component of his department's decision-making. That startling innovation of Robin Cook's does mean something. The foreign office will seek an international ban on anti-personnel landmines. It will try not to license the sale of arms to any country that would use them for internal repression or external aggression. Even then Mr Cook will not rest. He will promote democracy, human rights and good environmental practice.

The new Labour government's stance is admirable. We cynics must resist the temptation to pelt it with rotten tomatoes. We may, however, mutter that the

foreign secretary's ability to carry out his self-proclaimed new mission will depend in large part on other governments. They must be persuaded to co-operate, to join the club of benevolent intentions. Here's hoping.

Shell's problem is different. It needs to make itself credible. A year or so ago I dined alongside a manager who might have known about the company's record in Nigeria. It is with some discomfort that I recall what he said about its effect on both human rights and the environment. No good would be done by repeating it. Perhaps he was making his anecdote up, chatting aimlessly, inventing conversation. It is hard to know what to think. On Wednesday the largest oil company in the western world blocked an attempt by some of its shareholders to set

up an independent ethical audit of its present practices.

One of Shell's bigwigs accepted that external verification of performance was in principle desirable. He should have adopted the shareholders' proposed mechanism, or a modified version of it. We who wonder about various allegations against Shell are clearly expected to ingest the company's denials, like it or not.

Maybe we should. The oil giant's statement of general business principles could have been drafted by Mr Cook himself. Read it and marvel. No corporation in the history of capitalism has been so pure in motivation, so unswayed in practice, so transparently honest and good. Call me cynical, but full disclosure, accompanied by a check conducted by a disinterested body, would tell us how many Mother

Theresas it takes to run one Anglo-Dutch mega-corporation.

In the case of News International we know the answer. One. This particular saint of journalism is now wrestling Mammon. He appears to be losing. It is a piquant tale. Mr Murdoch has often spoken about the ability of his principal product – information and entertainment – to break down dictatorships.

In 1988 he intimated that eastern Europe would be opened up by TV. He was right. In 1988 he said that advances in communications technology had proved an unambiguous threat to totalitarian regimes everywhere. He was wrong. His Star TV company, based in Hong Kong, claimed that 32m Chinese households were looking in. Soon afterwards the Beijing government restricted the ownership of

satellite dishes. Cable was a closed door to outsiders.

Since then many propositions, flowers and chocolates every one, have been made by Mr Murdoch, wooing the Chinese with all his might. On Thursday of this week he sounded as if he now realises that, at the least, you have to be subtle to be allowed in to the Chinese market. "Western companies like News Corporation," he said in a speech delivered in Tokyo, "have much to learn about doing business there and need pay special attention to China's unique cultural heritage."

What came next amounts to a recantation of his earlier sentiments. "The Chinese leadership has proved the sceptics, including myself, wrong by not shunning the new information technologies but actively

encouraging their use. China has in fact embraced the internet... as a means of strengthening its own culture..."

The cake of soft soap was infinite. News Corporation would like to work alongside the Chinese in developing digital direct broadcast satellite services, enabling them "to deliver not just multi-channel television programming but government information..."

You could say that this media baron, this suitor outside the gates of the largest future market on the planet, has divested himself of shame. China, he crooned, is "a distinctive market with distinctive social and moral values that western companies like News Corporation must learn to abide by". As a statement of foreign policy it must be filed under R for realpolitik.

Lunch with the FT

A fossil-hunter and his feelings for Lucy

The talk turned to chimps' teeth, gorillas' penises and brain sizes when Christian Tyler met Donald Johanson

When a man has been stumbling through the Eritrean desert for six weeks, he must feel in need of a decent meal. But what would a wind-swept, sand-blasted, hunter of human fossils most like to eat?

The question nagged because Donald Johanson, the dust hardly shaken from his boots, had left it to his interviewer to choose the restaurant.

Johanson is an American palaeoanthropologist. His main claim to fame is his discovery, at Hadar in Ethiopia, of "Lucy", the partial skeleton of an early hominid, *Australopithecus afarensis*. Found in 1974, Lucy has been waiting a long time to be recognised – 3.2m years, more or less. Having made it to the top despite her faded looks, Lucy is still counted a celebrity even by Johanson's rivals in a notoriously jealous profession.

None of this helped settle the menu question. So I chose Monkeys, a smart and charming restaurant off the King's Road in Chelsea. This was a taxonomic error, of course, since everybody knows that humans are cousins of the apes, not the monkeys. (The proprietor clearly didn't because his walls were decorated with pictures of chimpanzees).

Although accustomed to living on a daily diet of tinned tuna and goat-stewed goat, roasted goat, boiled or barbecued goat – Johanson proved to be a man of sophisticated tastes.

We started with hot foie gras salad and a glass of Sauternes, which is apparently the thing to drink with it. For the main course he chose scallops, plucked from the bed of the North Sea (so we were told) by oil-rig divers on their days off. I settled for the humble, undervalued cod ("A much-maligned animal," agreed the owner, a little too readily I thought).

It was during the ritual of selecting the wine that I learned the remarkable story of how Donald Johanson got into his trade. First he rejected the Sancerre as "too austere" and the Chardonnay as "too buttery". As he lifted the Pouilly Blanc Fumé to his nose, however, he muttered: "You'll like this. It's very grassy."

I asked him where he had learned such language.

The answer was from his boyhood mentor, Paul Laser, a "quintessential German scholar" who had grown up in a castle on the Rhine and who knew Latin, Greek, French, English and Swedish. Swedish was the link, for it was the native language of Johanson's parents who had emigrated to the US in the 1920s. The boy's father died of an embolism after an accident when the child was just two. His mother was befriended by the scholarly German who lived on the same block.

Laser introduced young Donald to books, Africa, anthropology, and – because he himself had no sense of taste – to the pleasures of wine. "When he was away, he let me look after his flat

and his dog. I had the run of the library. And I became imprinted like Konrad Lorenz's geese," Johanson said.

Like so many biological scientists, he had chased after butterflies and rabbits as a boy. In spite of Laser's warning that the famous Leakey family of palaeoanthropologists "had the Rift Valley sewn up", he was determined to get into the same game.

So he set about studying chimps' teeth. His PhD thesis at the University of Chicago, the city of his birth, was called "An Odontological Study of the Chimpanzee with Some Implications for Hominoid Evolution."

For the successful hunter of human fossils is a sort of outdoor dentist. He does not dig, but picks over the ground looking especially for teeth from which he can read volumes about the life of their owner.

"What would be the really big prize to find in the dirt of Eritrea?" I asked.

"Lucy is bipedal, but small-brained. She had a brain a quarter the size of the average brain in this restaurant." (Did he mean that her brain was particularly small? "There were no stone tools. So what comes next? The big brain, or the tools? We don't know. What we want to find is stone tools, about 2.8m years old, with skulls. Will those skulls be big brained or not?"

"My prediction is that our ancestors began making and using implements long before the brain expanded."

So why did it expand? "I think not so much because of tools but the social milieu in which they lived. Then, as today, there was deception, intrigue, a need for politics."

Some psychologists say the big brain was better for mating: that brain work was invented to impress women.

Johanson's reply boomed across the restaurant: "So why do humans have bigger penises than any other primate?"

I look nervously round, but the other diners continued to graze contentedly.

"This is an interesting question," continued Johanson, warming to his theme. "A 400lb gorilla has a penis that size." He held up the top of his little finger. "We don't need what we have, but it is a sexual attracting device. We have to remember that for most of the millions of years that hominids have been around, they have been naked."

There was a chance to present a hypothesis of my own: that the persistence of rumours about the Yeti, Sasquatch, Bigfoot – call him what you like – could be explained by Neanderthals mating with our own kind. Some of their offspring had to head for the hills. Others might even today be hiding out in our cities.

Johanson looked at me pityingly. "There is no Yeti. There is no Sasquatch. You probably – I assume – have never attempted to mate with an animal outside of your species?"

No, I confessed, I haven't.

It is part of the definition of species that they do not mate across the boundary. But Johanson said one of his colleagues had a theory as to how Neanderthal Man died out. The hairy brute never stood a chance once Neanderthal Woman had seen *homo sapiens*. Seduced by the rival's babyish looks, she mated with him and produced infertile offspring. So, end of line.

I asked him about scientific competition. Johanson said he had had "a terrible falling out" with Richard Leakey when the two were young Turks in the 1970s. Leakey, he said, had inherited the idea that there were two parallel lines of evolution; but Johanson's Lucy had drawn the lines together.

He agreed that progress had been retarded by an over-competitive spirit. For example, Tim White of the University of California, a former collaborator of his, was keeping his site under lock and key and had sworn his team to secrecy. "I think he believes he's found the missing link – half human, half ape. The common ancestor!" Johanson added that White might well be on to something. "If so, it leaves Lucy in the

dust. But it does mean Lucy has ancestors."

We discussed nature and culture. Johanson said we humans tend to forget our roots. "We still harbour Stone Age minds: that's evident when you try to ride the Northern Line. Much of our behaviour is from back on the plains of Africa."

Has human evolution stopped?

"Yup. I think biologically it has essentially come to a stop. The conditions necessary for speciation or major change are over. We can interbreed with anybody in the world."

We had grazed our way to the dessert course.

"How's the hot treacle tart?" Johanson asked when the waiter arrived. "This is more difficult than the main course. What's in your fresh fruit salad? Uh, huh. So really I should have an ice-cream and hot chocolate sauce."

In that case, I said, I shall have chocolate mousse. Would you like a glass of port?

"No, I don't think so."

I'll have the glass of red. What about you?

"Did I say No?"

Donald Johanson is co-author of *From Lucy to Language*, an illustrated history published by Weidenfeld & Nicolson, £25.



SCRUM DOWN

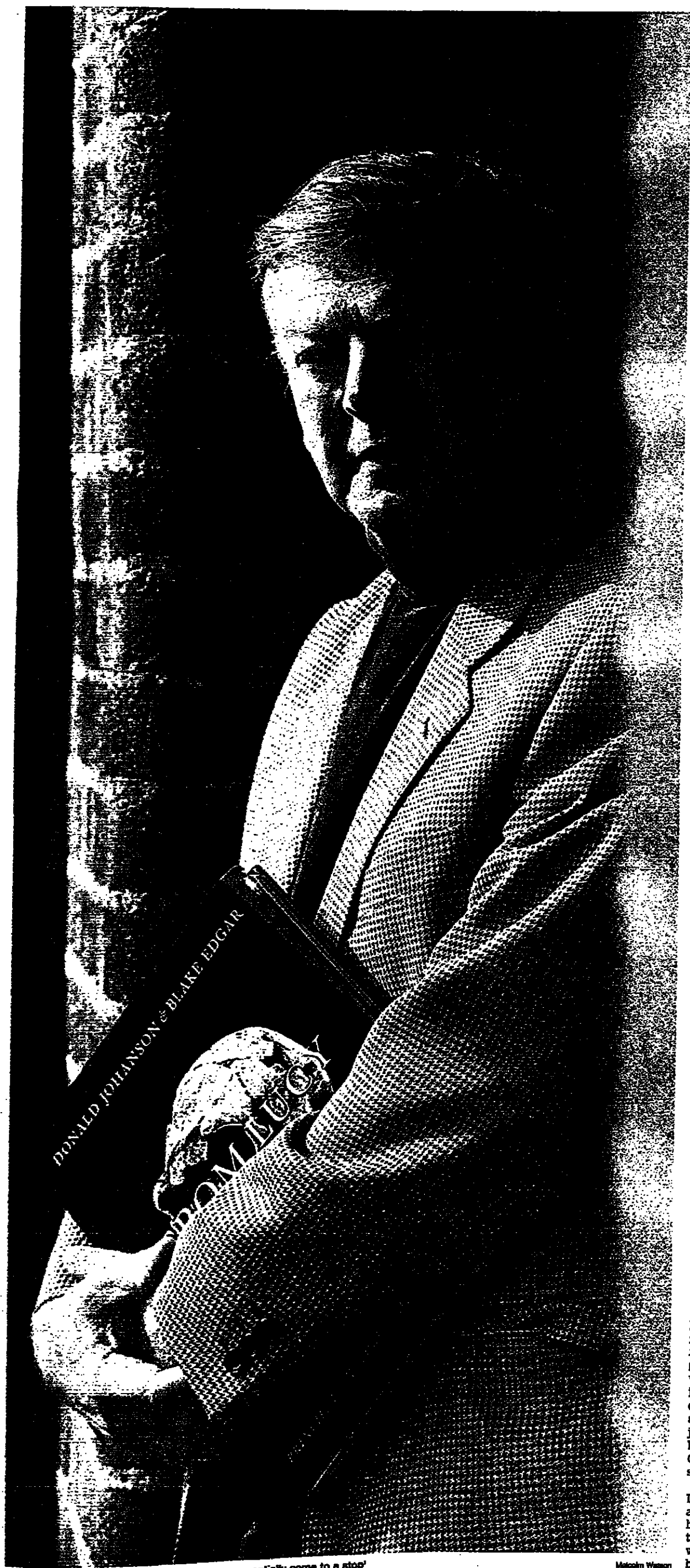


BOTTOMS UP

| | |
|--|------------------|
| MIRIAM'S REBEL: SEVEN, TEN NATION | 17 May |
| GLYNIS AND FORTY-SEVEN | 18 May-24 August |
| CHILLI: FLOWER SHOW | 20-25 May |
| ROYAL ACADEMY: SEVEN EXHIBITION | 1 June-10 August |
| 1ST GOSWELL: TEN MILES A DAY, CHANGING | 2-8 June |
| THE DEEP: DOWN | 7 June |
| ROYAL ANTI | 17-20 June |
| WILHELM: TEN NATION EXHIBITION | 22 June-6 July |
| POUL: SEVEN: TEN MILES A DAY, CHANGING | 28 June-30 July |
| HEAVY: ROYAL REBEL | 2-8 July |

■ Veuve Clicquot ■

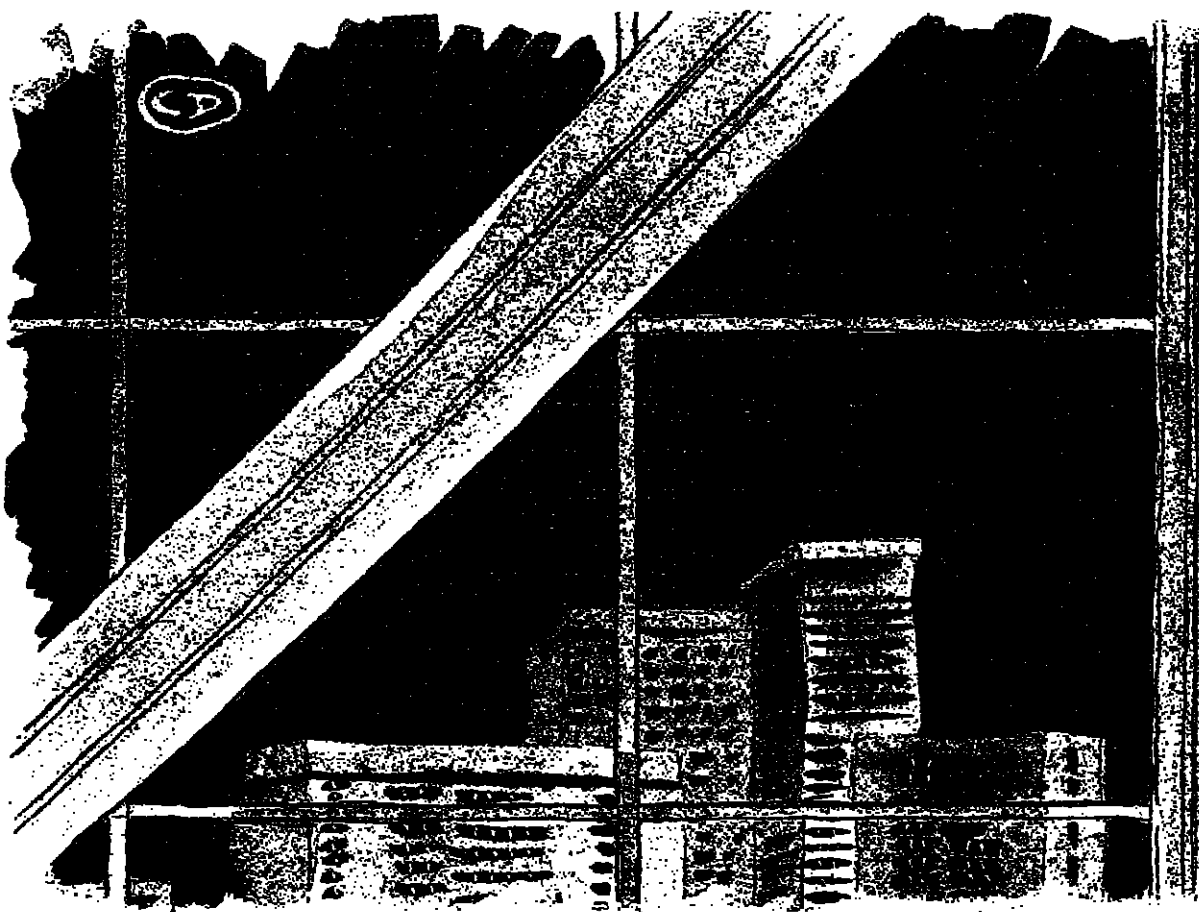
CHAMPAGNE OF THE SEASON



Donald Johanson: "I think human evolution has essentially come to a stop"

Melvin Weston

PERSPECTIVES



UNHAPPY VALLEY

The Hong Kong handover is inspiring a new genre of thriller – John Ridding, our man, has contributed to the growing body of work

Being small had its benefits. I thought Tony Chan, as he squeezed behind the emergency door, in the distance, the advancing figures had looked menacing, possibly triads. But as they approached, Hong Kong's champion jockey noticed the green-tinted glasses and ankle-length suits worn by the mainland Chinese delegation.

The delegation had been around the Happy Valley course a lot lately, living it up in the stewards box, courtesy of Winston Wong, aka the King of Kowloon. "Organising celebrations for the glorious return of Hong Kong to the warm embrace of the Motherland," was the official explanation for this small expedition. "We shall use the stadium for a spectacle by the People's Patriotic Acrobatic Troupe."

Unless these celebrations were taking place down here in the basement tack rooms, thought Tony, then something was amiss. And through the waft of Red Pagoda Mountain cigarette smoke, he heard snatches of what that might be. "It must be started here. So nothing can be restored," said the permed head. "Like in 1918,"

replied the shiny suit.

They were not talking about peace in Europe. In February 1918, the grandstand at the race track collapsed in flames. Tony had seen the pictures in the Jockey Club museum. And now, as he slipped from his hiding place, his nerves were on edge, as taut as the moments before the starting gate opens. * * *

Winston Wong sat with his feet propped against the window, pointing towards the harbour and the endless Chinese hinterland. Around him was a small gallery of photographs – his wife Gloria, in a silk cheong-sam, his six daughters, one son, and a cast of celebrities. There was Winston with Li Ding, the surly party chief for Hong Kong, Winston on the Great Wall with the Chinese communications minister and, in a desk drawer, Winston with the territory's last British governor.

Above them all loomed his father – T.T. – a shipping tycoon who lost a fortune to the Communists in Shanghai in 1949 and trebled it after moving south. "You must have the cunning of a fox to play with the Cantonese," he once told Winston. Wong

junior had cunning in spades. And he was preparing to play a trump.

"Kitty, bring me the model and show in Mr Liu when he arrives," barked Winston. A few moments later a slender figure in thigh-length boots slipped in, placing a miniature cluster of tower blocks on the lacquer table and a box of cigars beside the ornamental tiger, a yellow jade beast which had been frozen in time, waiting to pounce.

Winston did not have long to wait. Kitty Miao soon ushered in Comrade Liu and his sidekick. Formalities were dispatched and understandings understood one last time. And then, with tumbler of Remy Martin, the trio clinked agreement on a deal that would make them all very rich. * * *

The shock was every bit as strong as when, in his school days, Tony had unwittingly strayed near the Jardines gun as it fired its midday salvo. His Mandarin was rusty, and the voices were muffled by the leatherette padding on the door. But through the crack in the hinge he heard enough to piece together Winston's scheme.

Happy Valley race track was every developer's dream. Nine hectares of prime real estate in downtown Hong Kong, it was the territory's most valuable piece of land. To the frustration of Winston and rival tycoons, it was also the most untouchable. A green blot on the high-rise landscape. The Jockey Club had held a firm grip on the lush turf since the first horse crossed the line some 150 years ago. And as the shrine of Hong Kong's racing public, no amount of arm-twisting had shifted the odds in Winston's favour.

But what if the course was destroyed in a blaze amidst the symbolic ceremonies of the end of empire? With the incoming administration promising quick executive action to tackle the mounting housing crisis, it would be hard to resist Winston's ambitious residential scheme. Housing for the people, not for horses was how the press could put it. Indeed, would put it. Mr Liu's boss in the central committee had seen to that, much as he had arranged for the racecourse and its river of revenues to shift across the border to Shenzhen, where, by chance, Mr Liu was mayor.

As he slipped from his hid-

ing place, Tony didn't need reminding that time was short. Clocks counting down the minutes to the handover were everywhere, from Tiananmen Square to Kowloon Tong train station, and all had ticked below 2,000. He had to find help. And Tony knew where to look.

Cameron Menzies rose unsteadily from his chair, the spectacles which had dropped during his sledge now swinging against his stained school tie and bouncing off an ample paunch that

The footsteps inside grew louder, then faded... Two arms reached out

his few real friends had nicknamed "Victoria peak".

It was a bloody nuisance when the amahs were away, flocking down to Central with their godawful cackle. It was particularly annoying that someone should ring the buzzer on a Sunday afternoon when Jenny, as ever, would be down at the golf club. He waddled towards the door ready to be irritable.

Just as Tony was about to turn back towards his Por-

sche, the door swung open. He hadn't seen Cameron for two years, not since he rode Sir Roses to victory in the Gold Cup – Menzies' biggest triumph. Time had not been kind. He looked red-faced and crumpled. Not the trim Talpan who strode around the stewards' box, before had debts and a few mistimed property projects cleaned out the stables.

But Menzies was still well-connected. And Tony knew he wouldn't take much convincing. "They're just itching to get their hands on this little honey pot," he would declare at each and every cocktail party. All change was bad, and all change was Chinese. His upper lip quivered when the cricket pitch outside the old Hong Kong Club was dug up. An arson plot at the Jockey Club would send Menzies spinning. After all, he had donated the inaugural cup.

As expected, Tony's news hit hard. "Where on earth did you hear that," blurted Menzies, spitting like a cobra. He paused for a while, running a freckled hand through his silvery hair. "I can deal with this Tony... leave this to me."

Mist seeped from the sky as Tony steered down from the Peak. It was hard to get out of second gear, with the tour buses and day-trippers clogging the road. And it wasn't until he reached the expatriate ghetto of mid-levels that he could put the Por-

sche through its paces and head for Wanchai and a much-needed drink.

He should have remembered that Suzy didn't work Sundays. He had been going there long enough, even if now it was just for drinks. But Melody was good company, and she seemed pleased for an excuse to leave the Taiwanese semiconductor salesmen, who were losing their inhibitions with each gulp of lager.

Tony let the tension pour into his glass of San Miguel. But Melody, who earned her keep as a drinking partner at the Flying Tiger, was summoned by the Madam. "We are so busy now," she explained, nodding towards a small group of travellers who had come to see Hong Kong "for the last time".

There was not much unusual about a black S series Mercedes hissing along the streets of Central. Nor one with mainland number plates. Taxi drivers had stuck Five Star Chinese flags on their dashboards. Tycoons had the plates.

What was odd was the way the Mercedes stuck to Tony's tail. Hard right down Pedder Street towards the harbour. Right again in front of the Mandarin. Just like the movies, thought Tony, as he pushed the Porsche hard, taking it above 120.

That was Tony's last thought before he spun out

of control, coming to rest beneath a string of lanterns and a giant celebratory dragon on the forecourt of the Bank of China tower. He ran through the cavernous marble reception, past the idle lifts and into the stairwell.

Tony climbed higher and higher. He was scared. He stopped for a moment, his panting almost in time with the approaching footsteps. He climbed to the 14th floor, tugging every door in search of an unlocked office. Panicking, he squeezed through a window and clung like a starfish to the bank's glassy facade. Fifteen feet to the left, a window cleaning cradle hung empty and inviting.

The footsteps inside grew louder and then faded. A mobile phone rang in the distance – an electronic rendition of the "Godfather Waltz". A muffled conversation, the sound of an elevator opening, and then footsteps ever closer. Two arms reached out. But not in help.

One pushed the tip of a burning cigarette into his hand. It was a Red Pagoda Mountain. The other, plumper arm clumsily clawed at his wrist, prying it away from the glazed surface. As he fell, Tony gazed towards the heavens, and glimpsed a powder blue safari suit. He couldn't place it. Then the muggy mornings of track work at Happy Valley came back to him. Sir Roses.

I stood on the Black Sea shore and gazed at the hills around Yalta. I tried to imagine how a seven-year old saw it. How different the city might have looked nearly a century ago. The directions I had were brief and vague: "You take the main road up from the sea and take a left. The neighbours were the Tatars."

My grandfather could not recall street names, or much else. It was Yalta before this century's wars and revolutions. I also carried my own mental image inspired by a photograph, faded blue and taken in 1909, that hung on a wall of our home in Warsaw. It is of a family outside a two-story villa, and the baby, his head full of blond hair, is my grandfather. It is his first birthday. An older man, full moustache and white button-down jacket common in the Russian Empire, sits in the middle. He is the family patriarch, Platon Poleski-Szczepilo, my grandfather's grandfather. It is his summer house, I was told, and I wanted to find it.

The Crimea, a peninsula that juts out into the Black Sea, has been home to many peoples and plays a central role in many national myths and family histories. Surrounded by green mountains and rich in cypress and pine trees and sub-tropical plant life, the setting was ideal for Russia's counts and magnates and Anton Chekhov and Pushkin. The empire's elites decamped for lazy summers, their houses guarded by sleeping, stone lions.

Many of the manor homes

Filling a void high in Yalta's hills

Matthew Kaminski returns to the Crimea in search of the home and memories of his forefathers

are empty, closed or vandalised. Lenin's decision that the tolling masses would holiday in Yalta meant that many concrete hotels must be built. But Lenin is gone, and the Russians have moved on. The Crimea is now part of Ukraine, possibly not for perpetuity.

Growing up in Poland I heard little about the place. Any hint of the wrong class background, of summer houses and privilege and servants, was kept hidden in the People's Poland. Older generations passed away and took memories with them. This void bothered me.

After arriving as a correspondent in Ukraine in 1994, I became more interested. The photograph of the villa was the most compelling evidence. My mother remembers two crystal glasses. They were taken out, almost furtively, on special occasions, and had survived the flight from the Bolshevik Revolution in a great aunt's undergarments.

My grandfather returned in the 1960s or, perhaps, 1960s and found the house had been turned into a school. Soon after, he received a call at his hotel room from the KGB. The new KGB no longer cares. I asked on the streets about the Poleski-Szczepilos or the Tatars or any school previously owned by a Polish family. Most people politely shook their heads. A middle-

aged Russian woman hissed: "What do you need that house for anyway?" I reassured her that I had not come to take it back.

On the Yalta promenade, I picked up a book on the Crimea and the Romanovs published in 1994 and called on its editor, Oleg Grippa. I expected a historian. He was a businessman.

"All of Yalta was previously owned by private capital," he said. "Look, several generations have passed and no one remembers. You're actually the first one I've ever met who has come back."

He impatiently brushed my next question aside and began a sales pitch for a \$1bn development of Yekaterinskaya Street, "the only street in Yalta that has been completely preserved intact from the last century". Grippa and his Chinese joint-venture partners want to build a modern resort.

The next day, I walked up a hill and found Livadia. Built in 1911 for the Romanovs, the Renaissance-style palace was a farm worker's pension in the 1920s. It became famous as the setting for the 1945 Yalta Conference. An exhibition chronicled the royal family's six summers at Livadia, and some of the Tsar's books were back in the library. In the conference room, preserved as it was in February 1945, there was a photo of



A faded past: the Yalta house of Platon Poleski-Szczepilo before their flight from the Bolsheviks

the famous three: Stalin smoking, Roosevelt smiling, and Churchill looking forlorn.

The Romanov's downfall forced my family's exile from the Crimea. And the Yalta meeting made final Poland's withdrawal from

the east by moving the borders a couple of hundred kilometres west – indirectly, it led to my own departure from Poland in 1980, when I was turning nine.

Outside Livadia I met an enterprising retired tank driver named Fyodor, who

sold me a tourist brochure for 2 hryvnia, nearly seven times the going price. I was not surprised when he claimed he knew the old house. I thought he wanted more money, but he just talked. He said hateful things yet he was remark-

ably cheerful and good natured about it.

"You'll be sorry Poland has gone west and separated from Russia," he said. He knew who was to blame: Zionists. "Yes, the more Slavs quarrel and die, the better for them. The Jews want to bring us down, understand?" I did not draw him further.

Last year, I heard that Platon Poleski-Szczepilo was a high-ranking Tsarist official, a general prosecutor who had an estate near Zaporozhye. My grandfather claims he was a Russophile who supported the Tsars. He disagreed with my grandfather's father. It was a time when many Poles were killed fighting to reclaim independence.

After four days at the Hotel Krim, my enthusiasm started to wear down. The room smelled as if it was repainted daily. I was also no closer to finding the house. I had briefly thought it might have been torn down. But the Soviets usually let things just rot.

Most Russians, who now complain about life under Ukrainian rule, arrived in Crimea after the second world war as colonisers. They had come to replace the Crimean Tatars, an entire nation which Stalin one day in 1944 packed in freight cars and sent to central Asia. An ethnic cleansing justified by allegations of

collaboration with the Nazis.

As a Georgian, Stalin knew well that cultures rich in history and firm in identity would always pose a problem for a totalitarian regime aiming to re-engineer the human soul. The Crimean Tatars – a mix of Greek, Italian, Mongol and any other blood that passed through the peninsula – were too sturdy for re-engineering.

The Crimean Tatars know who they are. And that is why, in the last six years, they have come back in their hundreds of thousands, abandoning lives in Uzbekistan or Kazakhstan and starting again. Nuri Shafiev's family lived in Crimea long before any of his Slavic neighbours. The Russians took his house, and yet he only feels sorry for them. "Why does no one among the Russians work for their community? All they seem to do is steal and cheat from each other."

Nuri's new home is only half done and the family lives in the one completed room. His experience, and mine, is typical of people who come from east Europe. Czeslaw Milosz, the Polish poet, notes in his autobiography, *Native Realm*, that the personal histories of people from this strange region is one of exodus and – not always – return.

I failed in my Yalta search, but it had not been futile. I was reacquainted with my family's villa without actually finding the house. And, as the green Lada sputtered up a steep cliff and away from the sea, I was being drawn still closer to my past.

BOOKS

Indiscreet charm of a social butterfly

Antony Thorncroft enjoys the high-profile company of a New Elizabethan dandy

We arrived at the Mansion House too early, which was rather fortunate for I had an opportunity of speaking to his Lordship, who graciously condescended to talk with me some minutes... there was an immense crowd in the supper room, and, my stars! it was a splendid supper - any amount of champagne.

Not, as it happens, an extract from *The Roy Strong Diaries*, but from that Victorian classic *The Diary of a Nobody*. Sir Roy is definitely a Somebody, yet his diaries have an attractive whiff of Mr Pooter about them, of an innocent let loose into a society more scheming, more hostile, more self-seeking than our hero can imagine. Yet, armed with intelligence and wit, he wins through: or does he?

The barrage of publicity, the mass media serialisation, the profiles and the critiques (many from contemporaries torn apart by Sir Roy in the diaries), confirms his status as a national treasure, one, who despite a decade quickly cultivating his garden, very much remains prominent in the national psyche.

The charm of what, one fervently hopes, is the first volume of Sir Roy's diaries, which carries him through acclaim at the National Portrait Gallery to *enrabi* at the Victoria & Albert Museum, is that it ends unresolved. At the conclusion we find Sir Roy, at 52, scrambling around for a new career, a new challenge, a job.

He is as much amazed at the doors that suddenly close - tentative offers of the directorship of the National Gallery, editorship of *Vogue*, a post as cultural guru at Sotheby's - as he is by the offers that come his way. He remains an *ingénue*, despite decades supping with the grandest in the land.

Sir Roy has the vanity of the insecure. The insecurity is understandable. He was born the son of a bullying commercial traveller and a

dotting mother in unglamorous Edmonton. The vanity comes from his achievement in studying his way to fame, as an Elizabethan scholar, and glory, as the innovative director of the NPG.

On the way he totally recreated himself as a New Elizabethan dandy, a cynosure of the Sixties. The contacts he cultivated helped to propel him into the most desirable and challenging of museum jobs: director of the V&A.

Here his carefully cultivated artificiality hit the buffers of reality - suspi-

THE ROY STRONG DIARIES

Weidenfeld & Nicolson £20, 461 pages

cious keepers; hostile unions and an unsympathetic, cost-cutting Labour government. He laboured on into the 1980s, when he confronted suspicious keepers; hostile trustees and an unsympathetic, cost-cutting Tory government.

Much has been made of the venom in these diaries. There is little - or it has been edited out. What comes across is the sweet naivety of Sir Roy, who is constantly surprised that allies can be false or lazy, and that a life spent gossiping with grandees - all those lists of ducal guests, all those weekends away, all that dreadful food - especially the Queen Mother's ever present rissoles - leads nowhere.

He is at his most boring in his obsession with royalty, although his impressions confirm the tabloid images. He is infatuated by Princess Margaret, a demanding hostess who fights boredom by forcing her coterie to play charades and sing songs into the early hours; he is in love with the Queen Mother, an obvious star; he finds the Queen frosty, the Duke of

Edinburgh unsympathetic. His instant reactions to encounters with the royal family trace his progress from a wide-eyed grammar-school boy into a fixture of the Establishment, although he still hates butlers to unpack his weekend kit. Yet little new or interesting comes out. The oddest aspect of the diaries is that the entries on meetings with the famous seldom yield anything memorable - few good stories, few *bona mots*, few scandals.

The meat of the book, and the passages in which Sir Roy shows himself an indis-



National treasures: Sir Roy Strong with his wife Julia Oman in 1974

Edinburgh unsympathetic.

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The meat of the book, and the passages in which Sir Roy shows himself an indis-

criminate Good Thing, is his introduction to each succeeding year. Here, in sustained passages of narrative, he recalls how the horrors of the 1970s are followed by the terrors of the '80s, with museums under constant attack. In fact most of his fears are never realised, although the issues - museum entrance charges, plural funding, squabbling trustees - are still with us.

The most moving passage is the death of his father; the most trite the descriptions of *grandes fêtes*. Sir Roy loses contact with the real world at the sight of a tiara, the

sound of a fanfare, the smell of a floral arrangement.

For all his success Sir Roy does not seem to have enjoyed himself much. What is remarkable is how people - Lord St John-Stevens, Lord Gower, Lord Carrington - change from heroes to villains at the turn of the page. But that is life in a roundabout society. The honesty of Sir Roy in not editing out his changing reactions, mainly epitomised in adjectives like "boring", "hopeless", "arrogant", or in pert descriptions - of Vivien Duffield, "turquoise is not a colour for her", of Lord St

John-Stevens "too simplistic to say that he's a nasty man" - makes this enterprise worthwhile.

In a 1996 *envoi* he describes an idyllic contemporary life - looking out on his beautiful garden with his adoring wife (his love for Julia Oman is the most appealing and embracing feature of the work) nearby - but after over 400 pages of ill-concealed frustration it is hard not to wish that Sir Roy had not been allowed one more big job, one more chance to change the world into his idiosyncratic, but totally redeeming, image.

Lights, camera, action!

Alice Rawsthorn on a beguiling history of the film industry

On the day that *The Battleship Potemkin*, Sergei Eisenstein's portrayal of the Odessa mutiny, opened at a Moscow cinema in 1926, a very different celluloid epic, *Robin Hood*, starring Douglas Fairbanks, also opened in the city. A few weeks later Eisenstein's revolutionary masterpiece had disappeared, yet Fairbanks' vision of the feudal England that Soviet citizens were supposed to despise was playing to packed houses.

The conflict between the *auteur* tradition which has dominated European film-making and Hollywood's flair for populism is a central theme of David Putnam's *The Undeclared War*. His sub-text is the skill and determination with which the US movie studios have executed their battle-plan, aided and abetted by a succession of sympathetic administrations.

The Undeclared War begins with the birth of cinema: Thomas Edison's invention of the Kinetoscope in 1891, and the first public demonstration of Antoine Lumière's Cinématographe in Paris five years later. Lumière's innovation gave the French a headstart in the burgeoning film industry, and his compatriot, Charles Pathé, became the first movie mogul, selling twice as many films in North America by 1908 as all the US studios combined.

When the first world war brought European film production to a halt, the Americans went on the offensive. In 1914, Carl "Lucky" Laemmle bought a 230-acre ranch on the outskirts of Los Angeles to build a studio for Universal Pictures, his fledgling film company. Other companies set up studios on cheap plots in the dusty flatlands nearby, and Hollywood has dominated the global film business ever since.

The resilience of the US studios is remarkable. They ditched silent films for talkies even though Harry Warner, one of the founding Warner brothers, once wondered "Who the hell wants to hear acts talk?" Later, they scrapped a

fruitless fight against television (MGM banned the word from scripts in the 1950s) in favour of selling their films to it.

Behind the scenes, Hollywood had the inestimable advantage of political support ever since 1923, when the Bureau of Foreign and Domestic Commerce established a special motion pictures section with a \$15,000 budget. When the studios hit a financial trough in the early 1970s, fiscal incentives were tabled to help them; and at a sticky point in the 1993 GATT negotiations, President Clinton placed calls on their behalf to both the French and German premiers.

THE UNDECLARED WAR

by David Putnam

HarperCollins £18, 414 pages

Europe's once-promising film industries were either abandoned to the private sector, as in Britain, or commandeered by *auteurs* with high aesthetic ideals, but a sometimes reckless contempt for commercial considerations. The French ushered in the *auteur* era by placing film under the culture ministry's aegis in 1959; but the situation seems more dire in Germany, where only half the subsidised films made in the mid-1990s received cinema distribution.

Hollywood profited shamelessly from Europe's problems by poaching the cream of its actors, directors and producers, David Putnam included. Having made his name as one of Britain's new breed of advertising-trained film-makers in the 1970s and winning a 1982 Oscar as producer of *Chariots of Fire*, he became the first European to run a Hollywood studio during an unhappy stint as chairman of Columbia.

Putnam's professional experience, and his personal passion for the cinema, makes him admirably equipped to have written this book, which is not only rigorously researched, but laced with beguiling anecdotes. Best of all, it leaves you longing to see the films again.

Making a play for promotion

Lucy Kellaway is not convinced by two self-help books for women who want to make it to the top

What is the problem with women? One problem is that they keep writing books in which they diagnose a fresh problem with their sex and then devise a new solution.

Rebecca Abrams, a journalist and social researcher, decided that something was amiss with women when she noticed that the male students with whom she shared a house spent a lot of time reading sport in the newspaper and watching it on TV. From this slender observation she concluded that men are better at playing than women, and that society encourages them. Women, by contrast, do not play enough.

The *Princessa*, subtitled "Machiavelli for Women", was also born out of a revelation. Harriet Rubin, a publisher of business books in the US, was sitting in a bar with two other highly successful women. It was 3am but none of them wanted to go home and face the mess of their personal lives. Why were all of them such

wimps? Each could close a multi-million-dollar deal but none could negotiate their own pay rise.

So Rubin set out to help them and all potentially successful women everywhere with a slim manual for would-be Princessas. The trick, so Rubin claims, is to use one's femininity to advantage, deploying it in all kinds of devious ways to win power and conquer in all aspects of their lives.

Have either of these women hit on something important? Rebecca Abrams, certainly believes she has. In the 10 years she has spent writing *The Playful Self* she

THE PLAYFUL SELF

by Rebecca Abrams

Fourth Estate £12.99, 320 pages

THE PRINCESSA: MACHIAVELLI FOR WOMEN

by Harriet Rubin

Bloomsbury £12.99, 256 pages

has convinced herself that the absence of play is the issue facing working women - bigger than the glass ceiling, juggling home and work or the absence of childcare.

When a woman says "I'm so tired", she is, according to Abrams, saying something

very deep indeed. "These words are the key to a hidden yet shared world of self-denial, frustrated creativity, dissatisfaction, unfulfilled potential, oppressive responsibility, overwork and self-doubt."

It is quite an assertion and she has produced a book with 32 pages of footnotes in her attempt to prove it. At length she documents the fall in women's leisure time, and examines the way in which women are encouraged from an early age to be responsible and conscientious rather than spontaneous and playful.

Abrams argues that play is more than just leisure. It is something that involves enjoyment and absorption. In their rare leisure moments, women tend not to play. Ploughing up and down in the swimming pool or watching *Coronation Street* while doing the ironing at the same time simply do not count.

Despite the footnotes, Abrams does not prove that women really do play less than men (more likely, their play is just different). Neither does she prove that any absence of play matters. Indeed some of her assertions are at best pure fancy: more women than men suffer from mental illness which, she argues, is further proof that they don't play enough.

The good news, however, is that her sort of play need not be time consuming. Indeed, any woman with just one minute to spare can play

by pulling a face at themselves in the mirror. If they have a bit longer they can play through shouting or singing, dancing, eating, sex, or dreaming. In all of these areas play is possible so long as the attitude of mind is right.

Pulling faces in the mirror or shouting might seem neither enjoyable nor absorbing nor therapeutic. Indeed you would think such a suggestion was a joke, were it not that Rebecca Abrams, to judge from her writing style, does not seem to be a particularly playful person.

The same cannot be said for Harriet Rubin. Her book is itself a game - a modern-day pastiche of Machiavelli's *The Prince*. Moreover, her formula is aimed directly at what she sees as women's innate playfulness - their ability to be to be passionate and to be outrageous.

Rubin urges women to make greater use of these skills. The female is the more deadly of the species, she insists. The Princessa should wear clothes that reveal rather than hide her breasts, as such displays put her at an advantage. She should dress in brilliant colours to draw attention to herself instead of hiding her emotions. The Princessa should display her ostentatiously - bursting into tears if necessary to embarrass and startle the enemy.

Yet for all this colourful advice *The Princessa* makes tedious reading. A whole book is too much for such a mannered exercise - the fake Machiavelli style tires after the first page or two. Yet stripped of the conceit the book would be slim indeed, offering a relatively unconvincing addition to the already large collection of self-help books available to women who want to make it to the top.

Fiction/Michael Thompson-Noel

Zero ratings

Alan Warner's first novel, *Morvern Callar*, was so hyped and feted, so curiously over-praised, that a bookish bookmaker would have offered contended odds on the likelihood of his second novel proving a disappointment.

And he would not have been wrong, for *These Demented Lands*, Warner's second novel, is severely disappointing: a hotchpotch (being kind) or outrage (being honest). Uncannily, it scores close to zero on almost all fronts, especially plot, characters and storytelling, though there are glimpses (nothing more) of the vigorous originality that illuminated *Morvern Callar*.

The directors of Jonathan Cape should call a board meeting this very day and ask themselves what they thought they were doing in bundling *These Demented Lands* off to bookshops at such an impertinent hardback price. (There is also a paperback, at £9.99). They should try to recall it.

Not that I paid for my copy, though I did hand over part of my salaryman's packet for the paperback of *Morvern Callar*, and was glad that I did. Indeed, the funky and eponymous protagonist of Warner's first novel stalks the landscape again in his second.

Morvern Callar was "brutal", "erotic", "vivid" and "macabre", to quote four of the most accurate adjectives critics used at the time. Last month, Warner was named as one of eight novelists shortlisted for the international £100,000 Impac Dublin Literary Award. The winner, announced this week, was the Spanish writer Javier Morias, for his novel *A Heart*

So White (Harvill paperback, £9.99).

Nevertheless, to have claimed, as one reviewer did, that because of *Morvern Callar* Warner "defines the 1990s as clearly as Ian McEwan defined the 1970s and Jay McInerney the 1980s" was such trash (in all three cases) that someone at Cape should have vetoed its use on the jacket of Warner's follow-up novel, which

THESE DEMENTED LANDS

by Alan Warner

Jonathan Cape £15.99, 215 pages

LOVE IN A BLUE TIME

by Hanif Kureishi

Faber and Faber £8.99, 212 pages

was probably bashed out (one can only guess) in about a month.

Its first 59 pages are especially irritating. They are narrated (it turns out) by Morvern Callar herself, in a manner which could be described as Argyll-twee. (Warner was born in Argyll, which is said to make him one of Scotland's new-wave dark novelists.)

Here is a bit of Argyll-twee from Page 19: "Bended double like the clans at Culloden stepping into the end, I traversed besides ever upwards. I climbed straight through steady blackout - the sodden Levi's going stiff on both thighs with the pershingness - knowing always, hung up in some place of above-ness like a cyan-coloured censor swinging in the wind, snugged up in the clam of a scree-clagged corrie, was the campfire:

the campfire with its angle of floor that had let me see it when I swam out in the Sound but hid from view deep down at the sole bulb of Ferry Slipway below."

I will not fatigue you with the plot. As for the characters - you wouldn't want to know. Nor, in all likelihood, will you have time to bother with Hanif Kureishi's self-consciously contemporary short stories in *Love in a Blue Time*, even though the first six (of 10) stories are not at all bad, including "My Son the Fanatic", the film of which was well received at the Cannes festival.

Kureishi's notability as a writer rests mainly on his screenplay for the film *My Beautiful Laundrette*. Some people liked his first novel, *The Buddha of Suburbia*, whose sexiness and satirical aggression were reminiscent of *Laundrette*. But fewer will have been charmed by his second novel, *The Black Album*, which was inconsequential.

As a result, there are moments during *Love in a Blue Time* when it is seems easy to imagine that Kureishi's literary ability lies more with the short story - if only because, at short-story length, he needn't bother to crank out the bits between the bits in his novels that are actually worth reading.

But no, he doesn't really hack it as a short-story writer, either. The writing is too often glazed and perfunctory. Or perhaps I'm being thick: perhaps Kureishi's tiredness and languor are somehow the clever, 1990s point. Perhaps he is not clapped out - merely faking it, for his art.

My advice: save yourself the money on both books.

THE COMMANDING SELF

IDRIES SHAH

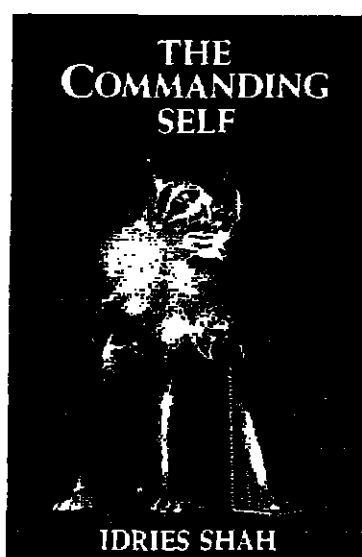
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IDRIES SHAH

ARTS

To the heart of Modernism

William Packer admires an exhibition in Berlin which explores the art of the 20th century

The millennium presses hard on us, and retrospective analysis is already the order of the day. Even so, to try to sum up the nature and achievement of the century's art, even given the scope of over 400 works by some 130 artists, would surely be a brave but foolhardy enterprise, doomed to failure. But then, cometh the hour, cometh the man: step forward our own Norman Rosenthal of the Royal Academy, and his frequent colleague in such things, Christos Joachimides of Zeitgeist-Gesellschaft in Berlin.

In the event, their *Age of Modernism*, now filling the Martin-Gropius-Bau in Berlin for the next three months (the proposed tour proved impossible to fix), while not exactly a triumph, turns out to have been a challenge well worth taking on. Their emphases, of course, their choice of artists and of representative works, were always going to be contentious. We all of us have our favourites, interests, perspectives. We would all have done it differently.

But Rosenthal and Joachimides have, for the most part, managed to secure loans that are

both appropriate to their case and admirable in themselves. Some indeed are worth crossing Europe to see simply for themselves - pre-cubist Picasso, post-Fauve Matisse and a Brancusi totem in the first room; upstairs, Kandinsky's pioneering foray into romantic, expressionist abstraction, followed directly by the proto-Minimalism of Malevich, the circle, cross and square, black on white.

But quality apart, the strength of the show rests on the fact that for once any temptation to be definitive has been resisted, and no attempt is made to tell us what modernism is. Instead, *Age of Modernism* asks us what it might be, setting out certain threads, drawing them together - though losing one here, breaking one there, especially towards the end.

So what might "Modernism" be? It has long seemed to me that what has peculiarly characterised so much of art since the mid-19th century or so, though more and more positively as time has gone on, has been the impulse within a self-identifying avant-garde to examine and clarify its own technique, structure and syntax.

This to a large extent has been a reductive process - what is left if we take away the image? Is the bare mark or touch enough? Can an idea alone stand of itself? How far can we go? And with this last has always ridden the further question: how far can we go and yet retain true feeling, experience, imaginative and creative engagement? Has art a soul?

Rosenthal and Joachimides come close to saying much the same thing. They set out their show under four headings and an appendix. *Reality/Distortion* follows the breaking down of the conventional perception of reality for something more visceral, intuitive and openly expressive.

It begins with Picasso and Matisse - the Matisse "Nude: black and gold" of 1908 is for me the finest painting in the show - continues through Cubism, Futurism and Expressionism, Beckmann, early Pollock, Giacometti and Dubuffet, to end with Bacon, Freud, Baselitz, de Kooning and again Picasso, in his extreme old age.

Language/Material considers the Duchampian legacy, from the

old mischief-maker himself through Dada to Pop-Art and Conceptualism, Beuys, Manzoni and Broodthaers on the one hand, Johns and Warhol on the other. *Abstraction/Spirituality* takes us from Kandinsky, Malevich and constructivism to Mondrian and on to Abstract Expressionism, hard-edge painting and Minimalism, Reinhardt, Rothko and Pollock, Klein and Fontana, Twombly, Ryman, Serra, Ellsworth Kelly and James Turrell. *Dream/Myth* follows the path of the subconscious, from Dada and Surrealism to certain aspects of Conceptualism - Picabia, Klee, Hopper, Morandi and Balbus to Koonellis, Kiefer and Boltanski. Cindy Sherman and Bill Viola. The room full of portraits brings these threads together, from Kokoschka and Schiele, Beckmann, Schad and Spencer, to Hockney, Kitz, Beuys and Warhol.

What to make of all this is rather up to us. The selection does lose its way over the past 20 years or so, biased towards German and American art over recent years, and proposing Gerhard Richter as a great master. Far too many examples, fine though they may be in them-

selves, are grotesquely space-hungry. In consequence the opportunity to cast a more generously speculative eye over recent developments is quite thrown away. A group of photo-works by Cindy Sherman is justifiable, and even a Bill Viola video, but a huge wall for one portentous piece by Christian Boltanski, and a whole room for two large photographs by Jeff Wall, are not. In such circumstances, the neglect of British art, particularly the younger British sculptors of the 1980s and '90s - no Damien, no Rachel, no Tony - is, well, surprising.

But these misgivings in its conclusion don't vitiate the exhibition overall. There is much to think about, much to enjoy, much that is serious and beautiful. It is above all, through at least three-quarters of its progress, a heartening vindication of the Modern movement, and of painting especially. Not before time, it gives Modern Art a good name.

The *Age of Modernism - Art in the 20th Century*: Martin-Gropius-Bau, Berlin, until July 27. Sponsored by the German National Lottery.



'Sonia', 1928 by Christian Schack: the portraits bring all the threads together

Radio/Martin Hoyle

In hangover mood

After post-election idealism, the media led the move back to cynicism by inviting a manipulative, shamelessly self-contradicting smoothie and his overpowering wife to guest on a comedy quiz show. As the Blairs were busy we made do with the Hamiltons instead.

But the *plus ça change* award goes to last Saturday's repeat of *Any Questions*. One of the new intake more than once used "public school boys" as a gauge of loutish behaviour. Is this an early sign of rebelliousness in the ranks or is Patricia Hewitt unaware that currently the most famous public school boy is her leader, the first British PM with a public school background for over 30 years? Hewitt made her name in the field of civil liberties, where antennae for stereotypes are invaluable with cloth-capped, whippet-racing pigeon-fanciers, their baths choc-full of coal, and ethnic minorities with their child-like humour and natural sense of rhythm.

The hangover mood continued with Sunday's *Mediawave* where the new heritage minister plodded drowsily through a lacklustre interview. Chris Smith glumly evoked a Dickensian clerk, a pen-pushing drudge in Mellor's former ministry of fun. Questioned about Rupert Murdoch's latest attempt to play selfish giant-cum-prima donna with televised football, Smith murmured no, they had no immediate plans to change the relevant broadcasting laws. Given the Sun's rather unexpected support of the new PM, I suspect they never will.

Monday was no better.

with Jack Cunningham, our new man in the tith, stuck in campaign mode and apparently unable to answer any question on agriculture without turning it into a party diatribe. He clings to his predecessors' mistakes with the pathetic gratitude of a non-swimmer hugging his water-wings as he ventures into the deep end.

As in politics, so in broadcasting: thank heaven for Martin Bell. Postponed from before the election, his new series *The Truth is Our Currency* started last night. His basic premise is that we are no longer shocked, thanks to pruning, trimming and censoring: and that we should be.

His experience as a war-reporter *sans pareil* has left him nervous of vetted media coverage, "a passing show, an acceptable spectacle"; and the divorce between real pain, avoided by the broadcast powers-that-be, and the fictional, enjoyed by the public. The gap between agony and "bang-bang you're dead" grows until the bland, bloodless image takes over.

"I'm going to talk about what I know about," was the admirably un-parliamentary opening of the new MP for Totton. Bell's style is sober and gimmick-free but not above agreeable, jibbing insights. It was reassuring to hear of the phoneyness of much (non-BBC) reporting of the Gulf War. Live bulletins "from the front" often meant at the back of the luxury hotel, between the hospitality tent and the swimming pool.

Many must have shared my puzzlement at how such a less than mediocre organi-

sation as CNN could have won such laurels at the time, becoming so cruddy since. Now we know. They were always cruddy.

"War is a bad-taste business," said Bell, stating an obvious truth but one not allowed to be illustrated with equally obvious ugliness. He also sees the camera as a potential weapon for peace rather than shock or sensationalism. Now that wars are waged with an eye on world audiences, camera crews are invited to be present at the handing over of prisoners, for example. Unhappily, of course, by the most insidious censorship of all - self-censorship and "good taste" not upsetting other people." Bell exudes integrity and firm-jawed honesty. His thesis strikes resonances in every field of our casually brutalised society.

Sir Roy Strong has not been brutalised, although he did introduce weekday closing to the V&A museum and, as Angela Carter furiously spluttered while we strolled through a display of Japanese fruit-machines and plastic modelled food, use it for trade fairs. His diaries flaunt the values of Edna Everage and the style of *The Young Visitors*, but he was quite engaging in Radio 3's *Private Passions*: for artless egocentricity ("Cecil Beaton said, Roy, give me your terribly sad look, so I draped myself around an urn and looked wistful"), for enthusiasm ("incredible" Prokofiev, "marvellous" Strauss, "mad about Puccini"), and unflagging affection for "this funny old island". Patricia Hewitt would mistake him for a public school boy. He would certainly be a good minister of fun.



Old movie posters excite the salerooms

This Italian poster for the Marlene Dietrich film *The Flame of New Orleans* (above) is expected to sell for up to £2,400 at Christie's South Kensington on Monday in an auction of over 300 vintage film posters. Italian posters are regarded as among the most artistic of the genre and Dietrich is herself much collected.

Film posters have become one of the fastest growing collecting fields. Sotheby's in New York recently sold a poster for the Universal Studio's movie of the early 1930s, *The Mummy*, for a record \$452,000. There are only two known copies of this poster, and early horror-movie posters, especially those featuring

Boris Karloff and Bela Lugosi, are the most sought after.

In Christie's sale the greatest rarities are the only two known posters for Alfred Hitchcock's film of *The Thirty Nine Steps*. British film posters of the 1930s are extremely rare, with the wartime paper shortage leading to the pulping of most surviving examples.

These posters come from abroad, and are the first to emerge for films that Hitchcock made in the UK before leaving for Hollywood. They each carry an estimate of up to £9,000, but could go for much more. While collectors tend to concentrate on specific films (*Gone with the Wind* is a great favourite), or actors

(Sean Connery as Bond) and actresses (Audrey Hepburn is much in demand), or genres - a keen coterie collects just Hitchcock.

Even fairly recent film posters are greatly sought after. Tony Nonman, who acts as consultant to Christie's and runs his own gallery, would be quite prepared to pay \$500 for a first print run poster of *Reservoir Dogs*, which was an unanticipated box office hit.

A poster for *The Iceman* of 1965, is expected to make £400 on Monday: five years ago it might have sold for £25. Hammer horror movies of the late 1950s are also collected and the 1958 poster for *Dracula*, with Peter Cushing, is

estimated at up to £5,000. Ealing Studio posters for films like *Kidnapped* and *Coronets* and *The Man in the White Suit* have also broken through the £1,000 barrier.

Condition is very important - except for very rare, very early posters - and obviously numbers count: the posters for current blockbuster movies are now immediately available retail, and will never become valuable. But, to date, film posters offer an affordable, colourful, collecting field, with enough new discoveries to keep the excitement building - just like the movies.

Antony Thorncroft

Television/Christopher Dunkley

The greens take a bite at Big Mac

Weekend television is often dire, but this week Channel 4 provides a good reason for staying in on both nights. *McLibel* is a fascinating reconstruction of the longest civil case in British legal history, in which the hamburger company, McDonald's, is suing Dave Morris and Helen Steel of London Greenpeace, for libel. The hearing began in June 1994, lasted until December 1996, and the

judge is not expected to announce his verdict until next month at the earliest. It is not difficult to see why McDonald's felt it had to bring the action, nor difficult to see that from the beginning it was on a hiding to nothing. The members of

London Greenpeace (not to be confused with Greenpeace International) organised a campaign which had, in their own words, "The aim of smashing a multinational [which] epitomises everything we despise: a junk culture, the deadly banality of capitalism". They distributed pamphlets which used words such as "McDeadly, McCancer" and "McDisease" and alleged that McDonald's products could be linked with food poisoning, heart disease and cancer. They also accused the company of

exploiting its staff, causing pain to animals, and contributing to the destruction of rain forests by raising beef on cleared land.

Originally McDonald's took action against five members of London Greenpeace, but three apologised and withdrew their allegations. They believed everything in the pamphlet. Morris, played by Peter-Hugo Daly, and Steel, played by Julia Sawalha, decided to represent themselves and fight the case. They wanted a jury but the judge, Mr Justice Bell, declared that the detail was too complicated for members of the public and decided to hear it on his own.

Tonight's programme runs for 1½ hours and tomorrow's for 1½ hours, hardly excessive when you are condensing 313 days of court hearings. Of course courts provide one of the classic settings for high drama, and this case - with a pair of Davids up against a multinational Goliath represented in court by Richard Rampton,

QC, on an alleged day rate of £2,000 - is particularly gripping. But it is not the drama that hits you hardest.

The sensation inspired quite early in Programme 1 is a pride in being part of a culture which is not only willing to devote such time and trouble to settling a matter of this sort, but which believes this is the right and only way to do so. The other unexpected effect is to create something close to "Stockholm Syndrome", the phenomenon observed so often among hostages and hijack victims who come to sympathise with their captors. At one time or another the viewer comes to sympathise with virtually every-

body in the trial. There is a moment when Morris asks a black executive from McDonald's "Isn't it a fact that the shit work in society is done by disadvantaged groups?" and Rampton jumps up saying "My Lord, may I ask what that means?" only to be told by Mr Justice Bell "Well I know what it means", making you want to cheer for the judges who have come so far since the days of "What are The Beatles?"

There is no disguising the fact that a political confrontation occurred in that courtroom, with emotional environmentalists full of concern for the ecosphere facing free-market traders dedicated to supplying popular products at low prices.

Though it is not the purpose of the legal system to test the strength of such competing philosophies, it is a triumph of both that system and the television production that this is, nevertheless, what the viewer is induced to do. Even in this heavily condensed version the detail explored in multifarious subjects from the rearing of battery hens to McDonald's use of a "hustle" policy, from the abattoirs' "captive bolt system" of stunning cattle to the psychology of using clowns to attract children with advertising campaigns, seems astoundingly thorough.

ART GALLERIES

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The direction is invisible, which is greatly to the credit of James Cellan Jones. The acting is so good that you forget this is a dramatised version and watch as though

observing the real people during actual court proceedings. And although the viewer cannot know what has been excluded, the programme team under producer Dennis Woolf seems to have done an astonishing job of condensing uniquely lengthy proceedings to create a coherent whole. The result is hugely to the credit of Channel 4 in particular and television in general.

Matthew Alexander
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Cannes Film Festival/Nigel Andrews

Odd couplings

Someone rightly called the Cannes Film Festival a "ship of fools" the other day. Even more than in most years, Cannes 1997 has been like 12 days on a leisure cruise with little leisure or like a spell on a floating Bedlam where the straitjackets are designed as dinner jackets. It has also served up some bewildering relationships. A Queen and a Scottish horsekeeper. A Japanese ex-convict and an eel. Two Sapphic women in the Australian outback, plus a corpse. Two gay Germans in a Nazi prison camp. And in the French film *Une Femme Défendue*, which I liked more than some raspberrying colleagues, the tender *amour* between a girl and a movie camera, the latter representing the point-of-view of the heard but never seen male lover.

The Queen and her horsekeeper, though, win the Odd Couple Handicap by a mile. Miramax, the American mini-major who backed *The English Patient*, are already putting their promotional powers behind the tiny-budgeted *Mrs Brown*, in which Queen Victoria (wonderfully played by Judi Dench) and John Brown (unbelievably played by Billy Connolly) find friendship amid the ashes of the monarch's recent widowhood. 1860s Balmoral is done on a pittance, with bargain actors wearing beards or wigs, or both in the case of Anthony Sher who drops by as Disraeli. But who needs film production values with a good script and great performances? Here we get both.

The UK movie resurgence has

been a headline event at Cannes this year, prompting articles in the trades and PR events around the Palais steps. Here Kate Winslet, Ewan McGregor, Emily Watson and other luminaries pranced and posed for pictures in a special "British cinema celebration day". However, since most UK movies at Cannes have shown non-competitively, including *Mrs Brown*, we can pause only briefly to salute Richard Kwan's *Love And Death On Long Island* - John Hurt, ruefully funny as a gay Humbert Humbert - and Sean Mathias's powerful-in-parts *Bent* (but not the parts with Mick Jagger in drag) before venturing into foreign fields.

Australia's *The Well*, Japan's *The Eel* and Canada's *The Sweet Hereafter* are this writer's Palm favourites to date, though Ang Lee's *The Ice Storm* won praise from other critics for its meticulous pastiche of American mores in the 1970s, from waterbeds to wife-swapping. (Too much sermonising is added for my taste.)

The Well is a smoking piece of Antipodean Gothic, stark and gaunt as a thunder egg. Made by a virtually all-woman ensemble - debut director Samantha Lang, screenwriter Laura Jones (of *Portrait Of A Lady*), a woman producer and cinematographer - it is a two-handed passion play. Spinster homesteader Pamela Rabe develops a crush on orange-haired nymphet Miranda Otto, her live-in maid, and nothing is able to come between them until a man is run over and killed one

drunken night. The "well" then becomes, to horrifying effect, the third character.

The film is spoiled only by a final plot twist that all but untwists the good work done before. Elsewhere, this is a richly-imagined meditation on love, jealousy and the frustrated creativity of gay relationships.

The *Eel* slithered into view in mid-festival, courtesy of ex-Golden Palm winner Shohei Imamura (*The Ballad Of Narayana*). A man is paroled from jail eight years after the murder of his unfaithful wife, viewed in a violent prologue. In his new life as a barber, he falls in love with a young woman, falls foul of gangsters, and all but falls into the precious tank where he keeps his pet eel, the object of a bizarre, emblematic *amour fou*. (Freudian undoubtedly, but also related to rivers of life and the defiance of the disemulated.)

The tone switchbacks between farce and melodrama, pausing for pit-stops at scenes of a gentler landscape lyricism. It is a weirdly likable film, a poem to regeneration phrased like a series of mysteriously-linked haikus. Best of all has been Atom Egoyan's *The Sweet Hereafter*. This latest field trip by the director-anthropologist who takes *The Adjuster* and *Exotica* makes us to a snowy Canadian town numbed by grief after a school bus disaster. The movie's "hero", soon unmasked as more its villain, is lawyer Ian Holm, seeking not just damages for the bereaved parents but a vengeful solace for his own estrangement from a drug-addicted daughter.



Billy Connolly and Judi Dench give tremendous performances as John Brown and Queen Victoria in the low-budget British 'Mrs Brown'

Masterfully intercutting different timezones, Egoyan gives this story almost the weight and resonance of a Greek tragedy. The moral dilemma is whether a divisive and ill-motivated search for the "truth" is preferable to an accommodation with the past that allows people to breathe anew for the future. Thematic abstractions - but lent reality and colour by Egoyan's mosaic eye for the revealing details of people's lives and lifestyles. The competition had its débâcles as well as its delights. In

Johnny Depp's *The Brave* the actor-turned-director crafts two hours of idiot Indian mysticism, while Francesco Rosi's *The Truce* is a 10-years-in-the-making film of Primo Levi's post-Auschwitz European odyssey which seems like 10 years in the viewing. John Turturro, playing Levi, drowns like everyone else in a sea of flaccid pity.

With two other movies, controversy all but drowned verdicts on quality. Lynne Stopkewich's *Kissed* is a startling tale of necrophilia delivered in a tone of True

Romance wonderment. And audiences were divided over whether Austrian director Michael Haneke's *Funny Games* was good, bad or just horrific. A mum, dad and small son on a lakeside holiday are held captive and psychologically tortured by two young psychotics. I found the film frightening and cathartic. Others found it repellent.

But at Cannes you have hardly left one auditorium before you are tumbling into another. A day that may begin with *L.A. Confidential*, a briskly convoluted,

all-star Warner cop thriller, may end with *Private Interviews*, a somberly hypnotic Ingmar Bergman-scripted chamber drama.

Bergman himself was honoured with a career Palme d'Or, though his unwillingness to travel meant it was presented in *absentia*. He has been the only legend missing in a town that has filled up almost daily with Coppolas, Altmans, Kurosawas, Scorseses and their like: a Golden Jubilee Cannes that few are likely to forget, assuming they mustered the stamina to survive it.

Russians warm to Wagner

Richard Fairman reviews the premiere performance of 'Parsifal' at the Kirov Opera



Alexey Steblianiko and Valeria Sten'kina as Parsifal and Kundry

Valeriy Gergiev

Walking down St. Petersburg's Nevsky Prospekt after an absence of 12 years is quite an eye-opener. Who could have predicted how completely the Russian consumer would become bewitched by western brand-names? A search for a genuinely Russian high-class product is likely to bring forth only one candidate and that from an unexpected source: the Kirov Opera is a world-beater and its name guarantees quality in the same way as any of the most highly prized brand-names in the west.

These days journalists from London fly out for a first night at the Maryinsky Theatre as they do to La Scala. Milan or the Metropolitan Opera in New York. Valery Gergiev, the Kirov Opera's astonishingly energetic artistic director (now appointed to head the Kirov Ballet as well), has raised the standard and profile of his company to the highest international level. In short, he has shown what the "new" Russia can do and another landmark was passed last weekend when the Maryinsky became the first of the country's main opera-houses to stage *Parsifal*, an occasion rich in historic significance. How things have changed.

My first visit to the Maryinsky Theatre, back in 1984, was far from a success. I took a taxi to the theatre, blithely hoping to purchase a seat for *Yevgeny Onegin* that night. Upon arrival, the taxi was mobbed by a huge crowd of middle-aged women until they realised there was no ticket for sale. I went instead to the

Maly Theatre, where tickets could be acquired more easily if one had an appropriate bribe, like the woman who handed over a plastic bag filled with toilet rolls. To this day I dream of walking into Covent Garden or the Met and offering to pay for a seat for Pavarotti with loo paper.

Even at the Kirov's *Parsifal* this year there was little sign of the black market. Tickets sell in the range of \$20 to \$70, though for less in roubles to the Russians. State subsidy plays a shrinking role and the Maryinsky souvenir book includes an impressive list of corporate members. Most are western, but they say Russian companies are also starting to come forward and this should help the Kirov through a difficult financial period, when it is amazing it can tackle a big opera like *Parsifal* at all.

Wagner's operas enjoyed a glorious early history in St. Petersburg. The composer visited the city for six concerts in 1863, and the Maryinsky Theatre led the way in staging his operas (*Lohengrin* in 1868, *Tannhäuser* in 1874). But anti-German feeling after the first world war and then again after the second put paid to his place in the repertoire. During the Soviet era his music was almost never played and, as Gergiev says, his task has been to recreate over the last few months a tradition which in western opera-houses has had over a century to mature.

Nobody would have known it. Close your eyes and this was a Wagner orchestra to equal any in the world. Gergiev has worked with his Kirov players over the last 10 years

to create an exceptionally warm and subtly blended sound, which is perhaps too soft-edged for Italian opera (their recent recording of Verdi's *La forza del destino* lacked red-blooded punch) but is near ideal for Wagner. A magisterial phalanx of double-basses provides a deep-seated foundation to the overall sound and the Kirov brass are the kind that never bite, but glow with rounded tone.

In a year of important new productions of *Parsifal* in Europe Gergiev himself can hold his head up high. On balance, his was probably the most satisfying performance, more skilful at pacing the long acts than Simon Rattle in Amsterdam, less content to skim across the surface of the music than Armin Jordan in Paris. He threw himself into the second act as though plunging into a cauldron of evil; and if he can let the great opening scene of Act 3 take its time and breathe a more rarified atmosphere, Gergiev will have a well-balanced *Parsifal* under his belt.

The cast was a decent one. An idiomatic grasp of the German language does not come easily to Russian speakers, so there was a lot of incomprehensible spluttering of Slavic consonants, but the voices were mostly up to the task. Fedor Mozhaev made a strong Amfortas and Gennady Bezzubenko sang a dignified and sympathetic Gurnemanz. Neither Alexey Steblianiko's burly Parsifal nor Valeria Sten'kina's vocally cautious Kundry was quite right for the role in hand, but they made an effective showing in

their second act encounter together. Nikolay Putilin was a fierce Kling-sor; Nikolay Okhotnikov boomed impressively as Titurel. The Kirov chorus lived up to its fine reputation.

It would be nice to say that the production by Britain's Tony Palmer played a major part in the evening's success, but it was one of those stagings that leaves one grateful for negative reasons. Yevgeny Lysyik's designs - mostly glittering back curtains - were made 10 years earlier for a production of *Lohengrin* that never happened, though it would have been difficult to tell. They had a certain abstract beauty and Palmer left them to glitter, moving his singers around within them unconvincingly. Generous supplies of dry ice were his other main contribution. The Kirov provided a noble band of young flowermaiden, who ran on only to disappear from sight engulfed in a huge billowing cloud.

Fortunately, one of the best of them had already been heard and seen the night before. The young soprano Anna Netrebko was part of an excellent all-round cast for Glinka's *Ruslan and Lyudmila*, joining other first-rate Kirov singers such as Yuri Marusin, bass Mikhail Kit and exciting mezzo Larissa Diadkova. With Gergiev again in the pit and the Kirov orchestra at the top of its form, this was Russian opera of a standard to match the best Italian fare at La Scala or German opera in Berlin. The Kirov is the Russians' first luxury brand-name. They should be grateful to Gergiev for showing them how to create one.

Glyndebourne makes the right noises

Tomorrow night, the Glyndebourne Festival opens amid the Sussex Downs. Few arts festivals attract such a misinformed image. The myth is that a rich exclusive coterie, dressed to the nines, quaff champagne on the lawns, while enduring the occasional interlude of some chirpy opera, invariably by

Mozart, for which they have paid £100 and more.

In practice Glyndebourne produces one of the most innovative opera seasons in the UK. Although most of the tickets are snapped up early by over 6,000 Friends, since the new auditorium was completed three years ago, lifting the capacity from 830 to 1,250, over a third of

the seats are available to the general public. Most of the extra seats are at the lower price range, and you can still see opera at Glyndebourne this season for £10 - if you stand.

The fact that Glyndebourne is presenting one of Britten's less performed operas shatters another myth - that the opera is populist. The season opens with Puccini's *Manon Lescaut*, not given a major production in the UK since 1983. The other operas include Janáček's *The Makropoulos Case* and Handel's *Theodora*, both regarded as challenging, rare, even unpopular works until presented at Glyndebourne to rave reviews; and *Le Comte Ory*, another work by a celebrated composer, Rossini, which gets little British exposure. Only *Le nozze di Figaro*, maintaining the tradition of one Mozart a year, can be regarded as an obvious crowd-pleaser. Glyndebourne's artistic reputation has never been higher.

It is also a great commercial success - last season it sold 100 per cent of its seats. It has to. The festival receives no subsidy and the £6.3m from box office receipts represents 70 per cent of its revenue. The larger house has increased income by a quarter, although costs have risen almost as much. Any extra cash has gone on paying art-

ists more: their financial sacrifice is less, but the repertoire is more challenging.

This is evolving remorselessly under the managing triumvirate of general director Anthony Whitworth-Jones; music director Andrew Davis; and director of productions, Graham Vick. Glyndebourne's chairman, Sir George Christie, whose father started the festival in 1934, still advises, but leaves most of the decisions to the threesome.

Their tastes contrast and complement. Whitworth-Jones has broadened Glyndebourne into a Handel-Rossini house, adding a new production, usually a rarity, by each composer on alternate years. It is Vick who pushed through *The Makropoulos Case* and the Puccini *Lulu*, could only be attempted in the new, larger, auditorium. Sir George is the champion of Britten.

Glyndebourne is still not big enough for major Verdi but a fresher repertoire is stretching the capabilities of the new house. At the same time a more challenging production style is apparent, most noticeably in the choice of Deborah Warner to direct *Don Giovanni* and Peter Sellars to stage last year's big hit, *Theodora*. This year Graham Vick will mount an unusual *Manon*

Lescaut and Jérôme Savary, a celebrated comedian in France, is let loose on *Le Comte Ory*.

Glyndebourne is creating a new, contemporary aesthetic; but it must be careful not to become as stereotyped in its approach as the Coliseum during the "powerhouse" years of the 1980s. And not everything is perfect. A few Friends took one look at the re-built Glyndebourne, glowering fly-tower and all, and cancelled their membership. The offices in the new building are proving too hot in summer, and, surprisingly, the orchestra pit is causing problems. There is also the possibility that in a couple of years, Sir George Christie, at 65, will relinquish the chairmanship.

But with its growing educational programme and its six weeks national touring, *Fancy Chamber Music*, written for the Arts Council tour which opens at the Barbican today, features Bley's multinational band alongside the British string ensemble Opus 20. The tour also sees the leader playing solo piano for the first time ever.

Antony Thorncroft

Jazz
Carla's song

Characteristically surreal themes permeate the ensemble writing. "I based one piece on a daydream I had about Germans living in Argentina and trying to get into the swing of life there," she explains, deadpan. "Half the band are playing a tango but the violins and violas keep bursting in with a waltz."

Bley's off-kilter conception and disregard for big band mores have made her less popular with US jazz audiences than abroad. "I'm too weird back home," she says happily. "I have just one gig in the States this year, at the Knitting Factory in New York, an avant garde place." Fortunately, commissions keep arriving from Europe and Japan at the studio/home she shares with bass player Steve Swallow. Enough work, in fact, for

Bley to employ a full-time orchestrator, Jeff Friedman. Their latest job together is to re-orchestrate her epic jazz opera *Escalator Over The Hill*, recorded in 1971 and never performed live, largely for practical reasons (its extensive use of overdubs). Resurrected for the Cologne Musik Triennale in June this year, the work's libretto will be read by its author, Paul Haines.

Bley's music is less earnest today than it was 25 years ago, but increasingly sophisticated despite itself. It is ironic that at the same time as she instinctively moves towards a latent slapstick element in her writing, that she should begin incorporating non-improvising musicians. "The two go together," she says, "because the more serious I try to be, the funnier it comes out."

Garry Booth

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SPORT / MOTORING

Sporting Profile

A slugger to slice through convention

Derek Lawrenson on the hard-hitting, fast-living Laura Davies, a unique international champion

It does not take long to come up with a physiological profile of a successful golfer, culled from the evidence of the last 20 years. We are looking at someone in their early 30s, who is white, above average height, slim build, with two homes, two marriages, and three children: who practises all day under the tutelage of a man who stands behind the subject in question with a video camera in tow.

There are, however, two players who do not so much peek out from under the blanket of such convention as dance gleefully all over it. Happily, they are the leading protagonists in both the men's and women's games. No wonder the sport has never been more engrossing. But if you thought Tiger Woods was something a little different, what about Laura Davies?

True, she fits into the first three categories but thereafter things go awry. As for a golf coach, she has never had a lesson in her life.

This weekend, in the American state of Delaware, the 33-year-old from Surrey is busy defending one of the two major championship titles she currently holds. Her routine leading up to the event, the LPGA championship, was entirely typical. Every other golfer in her position would have either rested last week or played in a nearby tournament. Davies' warm-up event was in Japan. She returned to Washington last Tuesday and played a single practice round the following day.

If anyone so much as suggested that routine to Nick Faldo, it would be wise not to hang around for the reply. Davies will no doubt make some concessions to the stereotype. This being a major, she will resist the temptation to fly up to Atlantic City for an evening to indulge in some blackjack. As England are not playing any World Cup matches, she will have no need to carry her portable television on to the course to monitor their progress.

How good would she be if she concentrated fully on playing golf, on doing the "right thing", the slaves to

convention want to know. The truth is probably not very good at all. Some players are simply better off playing by instinct and forgetting the game completely when they come off the course.

Davies's story reminds me of that of Babe Ruth, the great baseball slugger who turned out for the New York Yankees in the 1920s. Both used their size to devastating effect to dominate their sport. But the hang-ups that often come with being large are obvious too in their personalities. For all their love of gambling, of fast cars, and finding themselves the centre of attention, there is a chronic shyness too, and a feeling that the lifestyle is dictated by this.

Some told her to get a coach. Some said more discipline. Davies ignored these preachers

"I'll probably die an absolute pauper but I'll have had a hell of a time," Davies once said in an interview. It is to be fervently hoped she avoids this fate which befell the Babe.

It was Davies's brother, Tony, who introduced her to the game at the age of 14. Within three years she was playing top amateur golf, and began to entertain notions of turning professional. Her last report from school concluded that she was wasting her time, since there was no money in it.

With a personal fortune estimated at £7.5m and rising, it is safe to say that this is another of those school reports that time has proved spectacularly wrong. Bizarre as it seems now, she was a somewhat controversial choice for the 1984 Curtis Cup, the biennial fixture Great Britain and Ireland's leading amateurs play against the Americans. The selectors' faith was stirringly justified. In the final day's singles, an

inexperienced Davies was drawn against the three times US Amateur champion, Ann Sander. At the difficult final hole at Muirfield, Davies registered a memorable birdie to win by a single hole.

Great Britain and Ireland lost by a single point but it proved to be the making of Davies. Hitherto, her shyness had inhibited her golf. Her amateur record had been nothing to write home about. But the unusually enlightened decision of the selectors gave her the confidence to show in public what had been obvious in private. Davies turned professional shortly afterwards and, in her first year, finished top of the order of merit.

Like the men's game, there are four major championships every season but the US Open is the one that every woman desperately wants to win. Davies won it in 1987, at the age of 23.

It is one of the enduring virtues of golf that at its highest level it remains a sport largely untainted by jealousy. When a player emerges who is clearly destined for greatness, no one is invariably more excited at the prospect than the leading practitioner from a previous generation.

So it was at Augusta in April when Jack Nicklaus led the accolades for Woods and it was 10 years ago for Davies, after she played for the first time with Nancy Lopez.

"Laura will become as great as she wants to be," said Lopez. "If she sets her mind to beating my records she will demolish them. She has more talent than anyone I have seen. It is just a question now of how badly she wants it."

In the decade that has passed, there have been times when it seemed she did not want it badly enough. Some experts told her to get a coach. Some thought more discipline was required. It would be a start, this argument ran, if she was ever seen on a practice ground.

Davies, as ever, simply ignored these preachers. She proved them wrong, too. She came through her rough years to enjoy a season in 1996 that in time may come to be judged as her best.

Whatever continent she played on she won. During the Euro 96 Championships, she was so intent on watching England play Scotland that she took a portable television on to the course during her third round. It must have looked a little strange to the spectators when she started

cheering England's goals from the middle of the fairway. She still won the event by a street.

She has started this year in like-minded vein, winning the Standard Register Ping tournament in Arizona for a fourth year in succession, the first player to complete such a sequence in any

tournament since the days of Gene Sarazen and Walter Hagen.

If there is one thing about Davies's career that causes sadness it is that a galaxy of players have not been inspired to follow her example. It is a total indictment of the sport that the professional lives of the

two most talented players of the last 15 years have been wasted in this way.

In Spain, Severiano Ballesteros's legacy is not a glut of young Seves, because no one thought to build any municipal courses where they could play. In England, the number of young girls playing the sport has

actually fallen during Davies's time in the game.

The last person to blame is Davies herself. Her support for the European women's game has been exemplary. Every year she criss-crosses the Atlantic at least a dozen times to play in lesser European tournaments, at considerable cost to herself since she is invariably skipping an American event offering much more prize money. Her reward is a loyal audience. The average women's event in Britain with Davies in the field attracts an audience that comfortably exceeds the turnout for a typical club rugby match. But, significantly, there are usually few girls watching.

The media must shoulder some of the blame. While women's tennis gets acres of coverage, women's golf usually has to make do with at best a few paragraphs at the bottom of a forgotten page.

It is a sad fact that for all her international successes, for all that she is indisputably the leading British sportswoman of her time, the only occasion that Davies has ever made the front page of any newspaper was when she revealed that she had lost £500,000 during her gambling spree. Even the specialist press have been neglectful. Davies's win this time last year in the LPGA Championship warranted less than half a page in *Golf Weekly*.

One interesting, though ultimately trivial, debate is whether she could compete equally against the men. On a wide open golf course with little rough and medium paced greens, the answer is that she could perhaps finish in the top 20. On a typical tournament course, she would, however, have no chance. The rough is too thick. And while Davies hits it hard, she does not hit it as hard as the men.

Davies knows this. She also knows that she has been blessed with a unique talent, one that makes people worldwide grateful for the fact that she is the most hard-working of players, frequently cramming in up to 40 events a year; the average top male player, by contrast, will play less than 30.

In a recent magazine article, one female polemic argued that if Davies had a 20-inch waist and looked like Claudia Schiffer she would earn 30 times more money. Maybe. But it would not be through playing golf. No woman could hit the ball like Davies with a 20-inch waist. No one would turn up to watch either. Davies is feted wherever she plays precisely because she uses her size to drive the ball 50 yards past anyone else.

In this respect the story remains the same. It does not matter if the green pastures are in Yankee Stadium or some verdant golfing fairway; whether it is the 1920s or the 1990s; whether it is a man or a woman. Everyone loves a slugger.



CUMMINGS

Road Test

New Citroëns aim to do the business

Stuart Marshall samples two Xantias with executive qualities

Citroën is attacking the business car market with two new versions of the elegant, graceful Xantia. A three-litre, V6 Exclusive is aimed at company car drivers and user-choosers. Meanwhile, those who value low fuel consumption and a long range more than fierce acceleration and lots of legally unusable performance are offered a highly specified and luxuriously trimmed 2.1-litre, turbo-diesel V SX saloon or estate. With 20 per cent more power, it goes considerably

better than the present 1.9-litre, TD-engined cars but is just as economical.

The Exclusive's engine produces 194 horsepower against the 170hp of such rivals as the three-litre Renault Laguna, and 2.5-litre Ford Mondeo Ghia and Vauxhall Vectra CDX V6s. Should you find yourself on a deserted stretch of autobahn and put your foot hard down, the V6 Xantia would reach 140mph (225kph). A typical consumption of 24.4mpg (11.6 l/100km) is claimed.

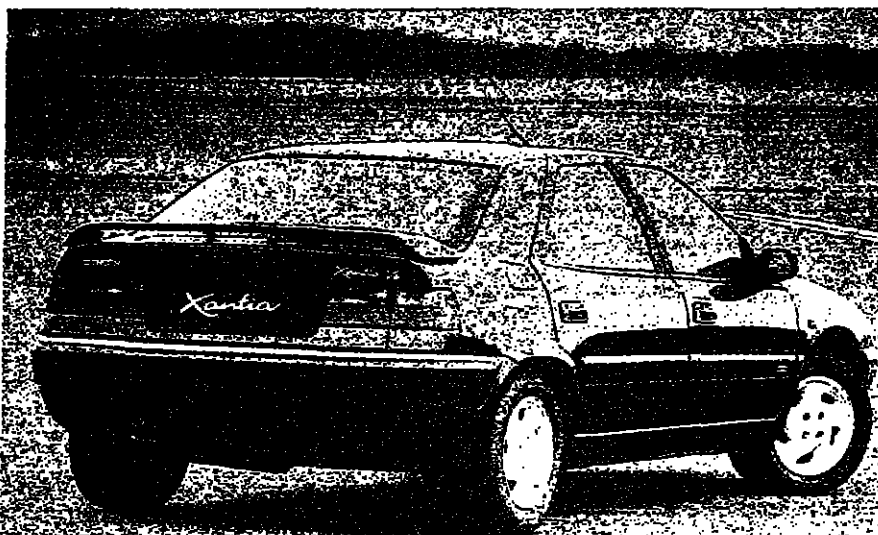
On a more practical level,

oil top-ups between services are a thing of the past. This is because of a two-litre min/max tolerance in sump contents. The car belt has a life of 100,000 miles (161,000km) instead of the usual 60,000 miles (96,000km).

On the motorway, the Exclusive waits along at the speeds of a business motorist in a silence broken only by modest tyre rumble. The Hydractive computer-controlled suspension provides class-leading comfort, a constant ride height regardless of load and minimal roll on corners. Then, too, all the

good things motoring executives expect are there: the power-adjusted front seats, touches of wood veneer, soft leather trim, automatic air-conditioning, twin airbags, a CD player, cruise control and an engine immobiliser.

The Exclusive makes the three-litre Citroën XM seem rather redundant, but it is a different story if you want a turbo-diesel automatic. The XM is still the only Citroën with the winning combination of turbo-diesel performance and economy and the convenience of automatic transmission.



Citroën's Xantia V6 Exclusive... all the good things a motoring executive expects to find are there

As the 2.1-litre, 110hp turbo-diesel of the new Xantia V SX saloon and estate comes from the automatic XM, why not a two-pedal Xantia executive turbo-diesel? Citroën says there simply is not enough under-bon-

net space for the engine with automatic transmission, even though the three-litre petrol V6 and automatic gearbox fit there nicely.

A paradox? I thought so. But the answer is that the new generation three-litre

petrol V6 is more compact than the 2.1-litre diesel, which dates back to the 1980s.

The five-speed shift and clutch are pleasantly light and the engine pulls so strongly at low speeds that

third gear at little more than tick-over deals with urban crawling. Fourth gear copes with all but the steepest hills and ensures overtaking is quick and safe.

High overall gearing - over 27mph (43kph) at 1,000rpm in fifth - makes for peaceful motorway cruising and an average 40mpg (7 l/100km) fuel consumption. A sympathetically driven 2.1-litre V SX turbo-diesel could go well over 500 miles (800km) before its 65-litre tank needs filling, compared with 300 miles (480km) for the V6.

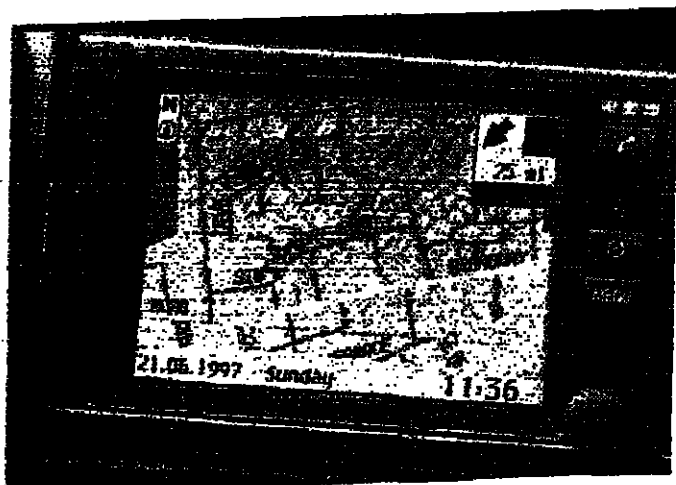
The Xantia 2.1 turbo-diesel saloon and the sleek (yet very roomy) estate have most of the V6's executive goodies such as leather seats and air-conditioning, but not the CD player or cruise control - and power-adjustable front seats are £500 extra.

Prices will be £19,815 (saloon) and £20,765 (estate) when the new turbo-diesel Xantias, and the £21,995 V6 Exclusive, go on sale in Britain next month.

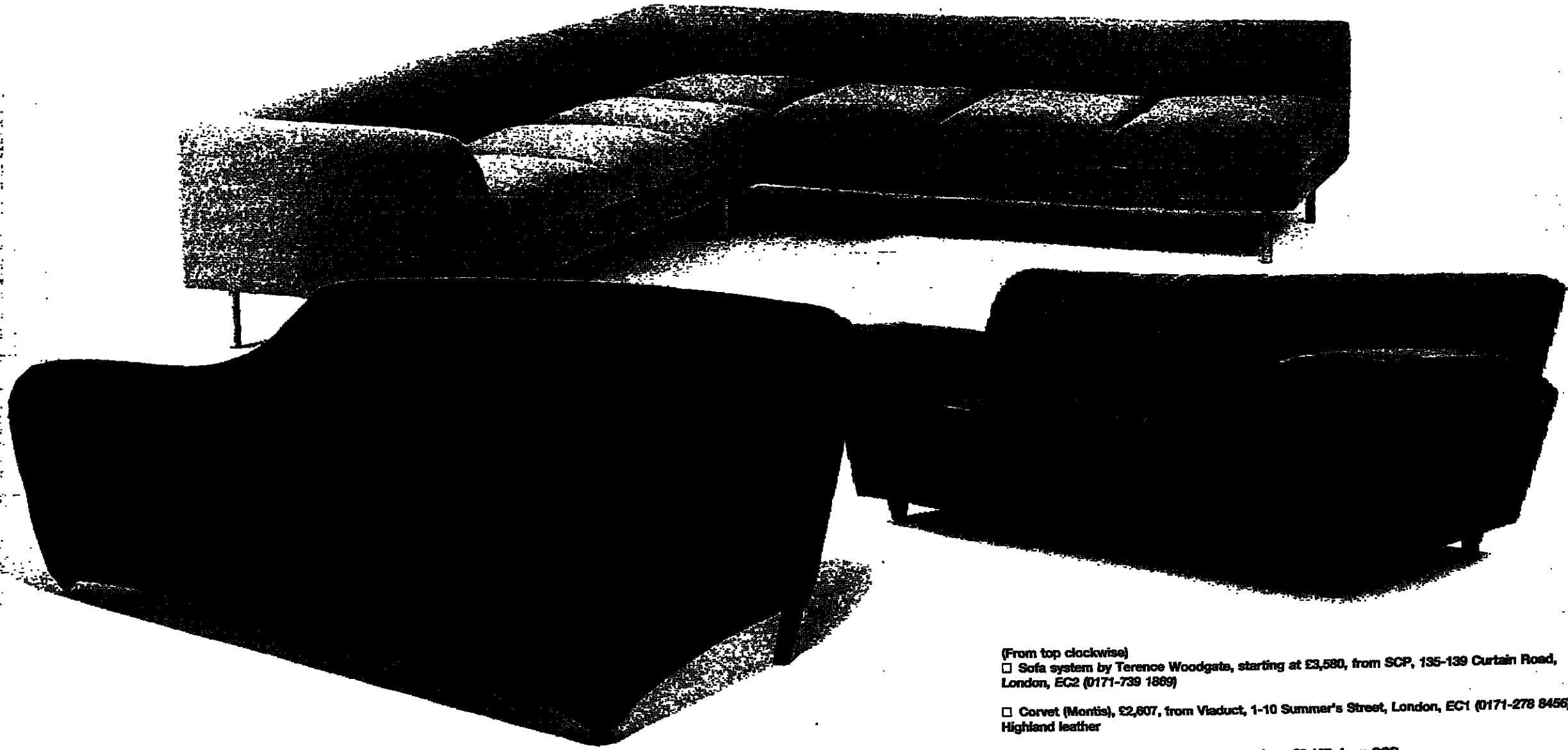
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The Ultimate Driving Machine



How to Spend It



(From top clockwise)
 □ Sofa system by Terence Woodgate, starting at £3,580, from SCP, 135-139 Curtain Road, London, EC2 (0171-739 1889)

□ Corvet (Montis), £2,807, from Viaduct, 1-10 Summer's Street, London, EC1 (0171-278 8456), in Highland leather

□ Balzac three-seater by Matthew Hilton, from £2,127, from SCP

Oh, to settle on the perfect sofa

Not floppy or messy, boxy or heavy, not quite high back, not quite low. Helen Kirwan-Taylor goes in search of the ideal family seat

It's a familiar story: you find the house, you hire the architect, as soon as the builders have left, you throw yourself wholeheartedly into the task of furnishing it. Inspired by the newness of it all, you decide to send the sofa you bought 10 years ago into early retirement and replace it with something different.

You buy a couple of decorating magazines, scribble a few phone numbers down and relax in the knowledge that choosing a sofa - like a car or a kitchen - is straightforward.

Wrong. Fifteen months after moving into a new family house with an open-plan kitchen/dining room/playroom we are still sofa-less.

After 12 months of painstaking discussions on the advantages and disadvantages of every conceivable make of sofa (this included a trip to Paris and endless Saturday shopping), we settled upon Jasper Morrison's Jaspur from Christopher Farr, 212 Westbourne Grove, London, W11 (0171-732 5761).

Our criteria was simple enough. The perfect sofa had to be modern, it had to be comfortable, it couldn't be floppy or messy, it had to withstand two young children and their friends, it couldn't be heavy or boxy and, most important, it had to look good. Our Jasper Morrison seemed to fulfil most of the criteria. What's more, we could have the model directly from the

showroom instead of the usual six-to-eight week wait.

We brought the whole family to Westbourne Grove for a trial sitting before any cheques were exchanged. My husband was a bit sceptical but having somewhere to sit at this point was far more important than whether or not the sofa worked with the Sienatic kitchen or the new dining room table.

Two days later our Jasper Morrison arrived. My children immediately inaugurated it by driving their tractors across its narrow back. The wooden legs exactly matched the colour of the maple kitchen. The vibrant blue linen cover gleamed in the sunlight. My husband could finally sit on some-

thing other than the floor.

But here was the catch: you could sit comfortably or perch elegantly with a glass of white wine, but if you wanted to relax - flop to watch TV or read the newspapers - you had to go to the bedroom. Our sofa was like a designer dress - the moment you get home you slip into something more comfortable and hope no one shows up uninvited.

Christopher Farr agreed to take the sofa back. But the thought of having nothing to sit on for another year was more than my husband could bear, so the quest for the perfect sofa was immediately resumed.

The first stop was SCP in Shoreditch. Proprietor Sheridan Coakley, whose com-

pany manufactures sofas by Matthew Hilton and Terence Woodgate, says that when it comes to sofas, ergonomics go out the window. "In England," says Coakley, "we don't want sculptural pieces which may be fine for perching and sipping tea but just aren't comfortable. The furniture designer Gerrit Dietveld said it back in 1910. 'Sitting is an active occupation. If you want to relax, lie down'."

Matthew Hilton's three-seater Balzac sofa is on the definite shortlist. Built along the same lines as the more traditional (and ubiquitous) George Smiths and George Sherlocks, with a beech frame and foam padding and conventional springs, it has a distinctly modern shape.

"It's very difficult to design a sofa because everyone is different," says Hilton. "The English want to lounge around. The Spanish have shorter legs. Some like high backs, some like low backs. You have to take all that into consideration and you have to make it look good."

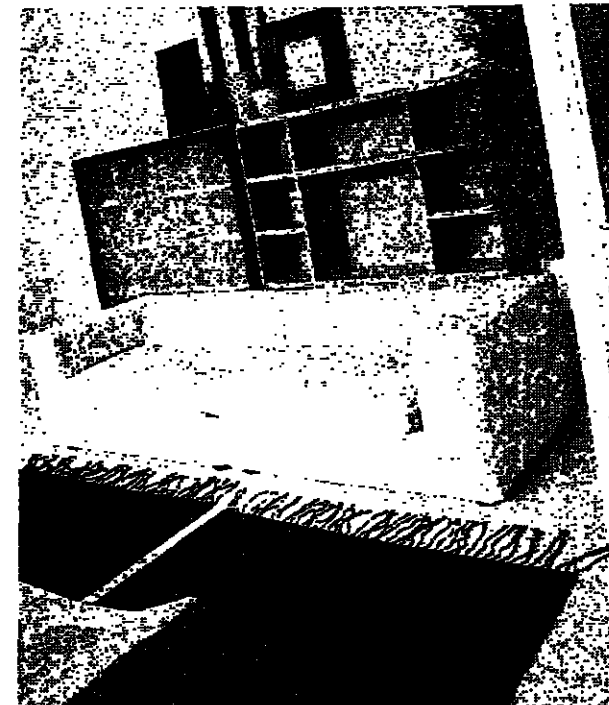
Comfort is important, says Hilton. "It's not designing if it's not comfortable." Hilton's new Orwell sofa (by SCP) is also a possibility. Its oval shape - reminiscent of something out of *Star Trek* - makes it attractive from any angle. It also slopes less than the Balzac which, at 26 degrees (most sofas are 15-17), is practically scraping the floor. My kids would love it.

Another option is Terence Woodgate's new modular sofa system, also produced by SCP. Coakley says it was originally designed for contract use but was such a hit with the public that Woodgate was asked to rework it for the residential market. The L-shaped system consists of two chaise longues and several smaller pieces, which can be moved around to suit anyone's needs. Like the Balzac, it can easily accommodate most of the household at once.

Woodgate's definition of a sofa as "a bed in the living room" had particular appeal to the 8ft 5in architect Alfred Munkenberg, who has commissioned one for his new house. This is the ultimate seal of approval. After trying unsuccessfully to design a sofa on three occasions, Munkenberg finally threw in the towel and bought one.

The *Metric Architect's Handbook* may devote a whole chapter to anthropometrics (the size of the human body and how it relates to your house), but architects notoriously fail when it comes to furniture. "Architecture is very exact," says Munkenberg, "furniture design on the other hand is all about trial and error."

"The only way to make a perfect sofa is to keep making prototypes over and over again until it works."



Young couples: the Cuba System by Rudolfo Dordoni, from £2,500

"The perfect sofa," says James Mair of Viaduct, "welcomes one home but doesn't dwarf the room. It should have a slight curve so if three people are having a conversation it doesn't feel like you're sitting on a park bench. It should have a certain amount of built-in squishiness."

His shortlist would include the Corvet by the Dutch company Montis (it feels like the back seat of an American car), the Royalton by Philippe Starck (too high, it would give my kids vertigo), and the Harry by the excellent Italian manufacturer B & B. The latter is only available by catalogue.

For many the idea of buying an untried commodity seems pure folly. The Jasper Morrisons, it transpires, were made in Italy and the Italians apparently watch television with their feet touching the ground. The famous extra-large Eileen Grey sofa, which I went to see at Aram Design, 3 Kean Street, London, WC2 (0171-240 3933), certainly wins the comfort vote but I found it too bulky and heavy. It has a certain masculine quality which is, I believe, why it appeals to so many architects.

The Cuba Sofa by Rudolfo Dordoni for Cappellini (also from Christopher Farr) is the fashionable set's favourite accessory. Described as a "young couple's sofa", it would look perfect in a loft or a Milanese flat. How it would fare in a room full of children with marmite on their fingers, is another question. Aesthetically, it certainly gets my vote, but my husband gave it a flat no. It is to Sofa what Armani is to a suit: something to take out on special occasions.

I returned to New King's Road for one last look, bypassing Conran's shop (whose sofas I have reclined on more times than I care to

admit). At George Smith (587 King's Road, SW6, tel: 0171-384 1004) I received the usual sultry welcome. After looking at the slick European models, their sofas looked bloated by comparison. The feather cushions were so large that I practically needed a ladder to reach the seat.

I crossed the street and entered the dusty smelling George Sherlock (588 King's Road, London, SW6 tel: 0171-736 3955), where a courteous man immediately produced a catalogue and lead me to the famous 8ft, three-seater. It is comfortable, I admit, and looks reasonably modern. If it weren't for the fact that every home I have visited in the past eight years has one in the drawing room, I might even have considered it.

Munkenberg has described a study on sofas in an architectural review. Of the time spent on a sofa, apparently 90 per cent of it is in a horizontal position. Armrests were solely designed with the intention of supporting one, maybe two heads and two, maybe four feet.

"Every night we end up laying on the sofa with our heads resting on the armrest and a crick in our necks," says Woodgate. "For me, a sofa is a big horizontal space, a bed really with certain concessions."

With that in mind I have decided that the perfect sofa is the "monster" Mondo as we have nicknamed it - the giant 4ft deep elephant of a sofa by Paola Navona for Mondo. James Mair who works with Cappellini at Christopher Farr (which makes Mondo) describes it as "great if you like lying down".

And, as it happens, not one single person in Britain owns one. Yet.

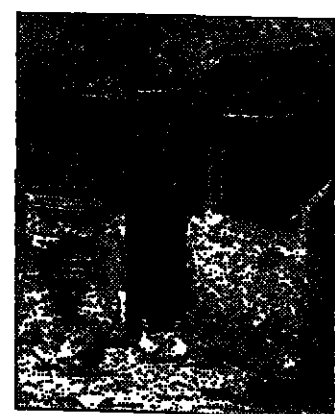


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HOW TO SPEND IT

Fashion

Hothouse prints and feminine frills

Flowers and ruffles are in this summer, finds the suitably attired Vanessa Friedman

This summer a woman's fancy will turn to frills that, anyway, would be the conclusion of anyone who has opened a style magazine recently.

This is the season of "the new femininity" proclaim the fashion flock, extolling the virtues of chiffon-based transparency and advising their readers to go forth and purchase separates with hothouse prints, dresses that caress the body and call up images of garden parties and good manners.

So they say, but do they follow suit? Decidedly not. At this spring's shows there was not a flounce or flower in the audience, and all was minimalist black and navy.

"Our job is to communicate the message, not live it," says a fashion-writer friend. "We are merely the medium."

As an unreconstructed member of the black pack, I, for one, have recently been feeling slight twinges of hypocrisy. After all, if Marshall McLuhan was right, and the medium is the message, it seems wrong to preach sartorial femininity without understanding exactly what that entails. Thus, to write about flowers being in, I decided I should find out what it's like to be in flowers. I knew I would need to start slow.

"Go to Elsbeth Gibson," a friend at Vogue magazine advised. "Check out the wrap dress; everyone here has one." Said wrap dress, a mid-calf-length chiffon robe worn over a slip and finished with a tiny ruffle (£349), comes in black, navy and cream and is a kind of gateway to the land of flowers: it is simple and elegant with that frivolous edge.

"I was tired of all the tailoring," says Gibson, 33, who trained with Zandra Rhodes. Her spring collection also includes A-line skirts and slip dresses in silk shantung with floral embroidery (£148 and £230 respectively). "I wanted something feminine but not girly."

"Girly" was not the word that came out of my black-clad host's mouth when I wore the navy wrap dress to

a dinner in Spitalfields, in London. Rather *soignée* was the verdict. The enticing way the dress billowed out every time I walked down the stairs made me feel kind of 1930s-movie-starish. Also, I was among the few guests not conscripted into the washing-up. There is something to be said, I thought, for the power of the frill.

Emboldened, I decided to go further - to Matthew Williamson to be exact. Williamson, 25, showed his first small collection last season and his separates were immediately seized upon as a kind of embodiment of the fashion zeitgeist. Particularly popular was his silvery organza skirt, silk-lined and dotted with clusters of small silver beads (£220), and tulle shirt, embroidered with a virtual nosegay and finished by tiny pearl buttons (special order £1,000).

"The thing about frills is that you need to be careful not to overdo it," Williamson says. "Wear the skirt with a simple cardigan, and the shirt with just a camisole and plain skirt. The fabric is embellishment enough." Believing that designer knows best, I went to a gathering in the City in a simple top and the skirt. The outfit had an astonishing and immediate effect on the pin-striped bankers around me.

Can I touch it?" some asked, mesmerised by the shimmering overlay. "Can we get you some white wine?" others asked, refilling my glass at every available opportunity, assuming that frilly clothes and Chardonnay go together. The same evening, however, I discovered that fairy-tale clothing does not belong at late-night club culture parties. I was attending a book launch held in a pub basement and felt a decided need to keep my black coat on.

Keen to see how far the message of extreme femininity could take me, I turned to what is perhaps the ultimate all-in-one example of the spring look - Clements Ribeiro's riotous floral wrap dress in chiffon with widely ruffled cap sleeves and neck (£261). The setting this time

was The Avenue, the St James's eatery, where the clientele are austere suited professionals.

The result - lots of attention from our waiter, and stares from the other diners, ranging from the appreciative to the curious.

Although I felt a little incongruous, I admit to also feeling pretty. In future, I might opt for the luxuriously fringed, posy-embroidered shawl (to order; price on application), or a version of the dress in a shirt (£403).

There are many reasons for the resurgence of frills - reaction against the past, the trickle-down effect of John Galiano's success, the popularity of all that is British, which in style terms translates partially as strawberries and cream attire. But frills are also successful with the public because they emit a feel-good feeling.

"All that understatement became very mainstream

and boring," says Ignacio Ribeiro. "It didn't seem to match today's upbeat mood. These clothes are a little frivolous, a little flamboyant; they lift the spirits and make you want to have fun."

Next season, say the fashion press, we will see a return to hard-edge tailoring. We may even revert to black. But for now, at least, we have the opportunity to peer at the world wearing ruffle-and-rose-printed garments.

■ **Elsbeth Gibson at Liberty, Regent Street, London W1; Tokio, 309 Brompton Road, London SW3; or to order (0171-561 0773). Matthew Williamson at A La Mode, 36 Hans Crescent, London SW1; Brown's, 23-27 South Molton Street, London W1; or to order (0171-831 1506). Clements Ribeiro at A La Mode, Liberty, Selfridges, Oxford Street, London W1; Brown's. Tel: 0171-403 7719 for other stockists.**



From left: Clements Ribeiro's floral wrap dress, £261; Elsbeth Gibson's black chiffon wrap dress, £249; Matthew Williamson's embroidered tulle shirt, £1,000, and skirt, £220

Illustration: Francesca Colomb

More in tune than in time

The Swiss are pioneers of exciting musical works, Arnie Wilson is told

Orson Welles was less than complimentary about the Swiss in the film *The Third Man*: "500 years of democracy and peace, and what did they produce? The cuckoo clock." This wisecrack has haunted the Swiss ever since.

"But he got it all wrong. The Swiss didn't invent the cuckoo clock," said Heidi Reisz, on behalf of her country at London's Swiss Centre. "It was the Germans. The Swiss have pioneered much more exciting things - like the musical box, watches of high quality and *oiseaux chantants*."

The last of these are animated imitation birds, powered by a double-action pump and bellows, organ pipes and clockwork. They sing an almost perfect replica song while opening their beaks, turning their heads and flapping their tails. It's amazing anyone managed to invent them at all.

But although 18th century Swiss craftsmen take the credit for the invention, it took a Parisian watchmaker, Blaise Bontems, to perfect the principle of *oiseaux chantants*.

For years he would disappear into the woods or the countryside before dawn each day to write down the

brilliant cadenzas of the nightingale, the sad lilt of the blackbird or staccato warble of a chaffinch.

Back in his workshop in the rue de Cléry, in Paris, he laboriously adjusted a series of rotating cylinders until he obtained such a brilliant imitation song that it was sometimes virtually impossible to tell it from the original.

He also noticed that the most beautiful birds were not always the best singers. The artificial bird, however, can be given the best of everything: the glorious trills of the nightingale can spout from the beak of New Guinea's sumptuous bird of paradise or the exotic South American tanager.

Reisz invited me to Sainte-Croix, a small town less than an hour from Geneva, close to the French border in the Jura mountains of Vaud, to admire *oiseaux chantants*, both antique and new.

For Sainte-Croix-L'Auberson is the centre of the musical box and *oiseaux chantants* universe. Switzerland has recently been celebrating 200 years of musical box manufacture and Sainte-Croix claims to be the only place in the world still making singing bird boxes.

The villagers of Sainte-Croix, who have suffered from a decline in agricul-

ture, the mechanisation of lace-making and more than one crisis in the watch-making industry, rely on musical boxes and *oiseaux chantants* more than milking cows. Bontems was involved in their manufacture in Paris from 1848, but in 1960, Reuge SA, the biggest manufacturer of musical boxes in Sainte-Croix, took over their production.

Until the 1950s, Bontems acquired stuffed birds from Japan, Brazil, Mexico and the Canary Islands. Today such exotic birds are prohibitively expensive - birds are dwindling. Once these supplies are exhausted, plumage will have to be faked using natural feathers of more common birds and dying them.

Another alternative to real feathers is to encrust the bird with precious stones instead of plumage. The appeal of *oiseaux chantants* is worldwide, but prices are high. With a gold leaf base in the cage, they cost from SF1,000 (£420) to SF10,000 (£4,000). Collectors have included the last Emperor of China, the Duke of Windsor and the actress Ingrid Bergman.

But Bontems's biggest sale, at the turn of the cen-

tury, came from the Rockefeller family, which purchased 100 - worth 6,000 gold francs - for guests at a dinner party.

Reuge SA claims to produce the smallest musical box movement made - some as tiny as those used in a wristwatch. The company also makes large boxes capable of playing a selection of tunes with interchangeable cylinders. Craftsmen who work on them wear white gloves to prevent acid perspiration from their palms affecting the mechanism.

Some of the manufacturing processes must be carried out in factories, but a surprising amount can be done - and done better - in the home. A good musical box "pinner", for example, is capable of placing 1,000 pins an hour if left to their own devices.

And a skilled tuner with a good musical ear can file and tune an 18-tooth comb to perfection in just three minutes. The tuner sometimes links the teeth of the lower tones to the teeth of his own upper jaw with a thin twig so that he can feel the vibrations in the bones of his skull and so time the box more accurately.

■ **Arnie Wilson flew to Switzerland with Swissair, 1 Swiss Court, London W1V 4BJ. Tel: 0171-434 7300.**

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PROPERTY

The river Thames is one of London's glories – and its biggest missed opportunity. The day before Britain's general election, I went by boat from Greenwich, to see the Millennium Exhibition site from the water, and then travel upriver through Docklands to Waterloo Bridge.

During the summer I shall continue the journey in stages as far as Thameshead, the river's source, doing as much as possible by boat – provided there is enough water in the river.

Without the river, the Romans would never have founded the city as capital of the province and centre of a radiating road system. They chose the lowest point on the river that they could put a bridge across – London Bridge.

Over the succeeding centuries the Thames was the main road through town, and the principal port for trading with mainland Europe (as the Romans planned) and, in modern times, with the British Empire, while traders from all over the world settled near the river.

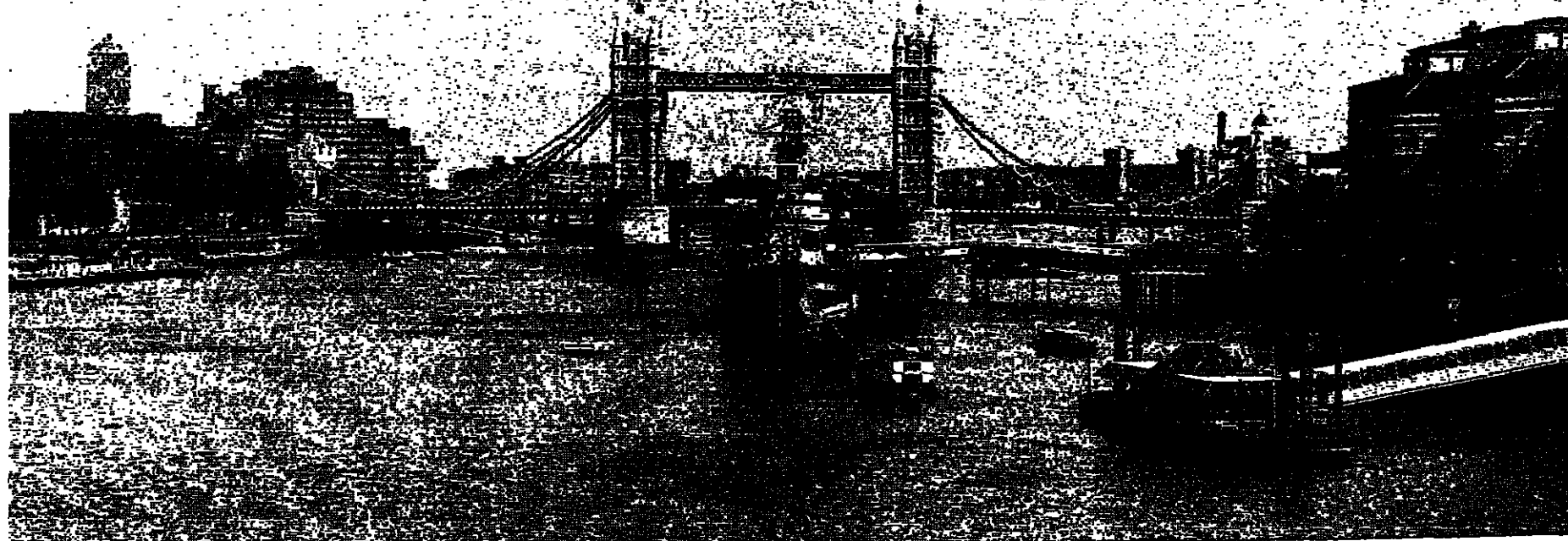
It was also a rich source of fish, until sewage pollution drove them away. Some have returned, but the days of salmon in the Thames are gone.

Now, its lower reaches in Docklands are filling up with residential schemes that are no pride for London, and the great river is no longer a passenger highway for Londoners. The Thames deserves better.

London's past as a commercial and industrial centre pervades the river but, other than offices, there is little active commerce – to the detriment of Docklands life, suggests Russell Taylor of Savills who came with me and pointed out the developments.

On the north bank only one wharf, belonging to Seacoon, works. The south side is a shade better. A Finnish ship was unloading bales of paper. Greenwich has a sugar refinery, and a ship was spewing sand and gravel on to the quay beside the exhibition site. Deptford Creek may become a basin for cruise ships.

But the gas works and power stations are obsolete, and their jetties for unload-



Tower Bridge: fairytale entrance to central London. But new projects downstream are a sad epilogue to the richness of the Thames's history

Brandon Cox

The Thames deserves better

Gerald Cadogan sets the scene for a focus on London's Docklands, the City and surrounding areas, which continues on following pages – and next week. But he is disappointed by much of what he sees on a river-boat trip from Greenwich to Waterloo Bridge

ing coal are now skeletons sticking up out of the water, with fat tubular iron legs and criss-crossing struts. A few mighty Victorian warehouses (known as wharves on the Thames) stand derelict, lucky to have escaped the Blitz.

That flattened much of the docks area, making a case for redevelopment long before the collapse of London as a working port. The remaining wharves, now listed buildings, will eventually be converted into flats, as has happened to several already. On some, the old cranes cling on, seemingly ready to lurch into the river at any time.

A few old pubs survive, with their bow fronts and river terraces, looking displaced, like ancient uncles among the young family of Docklands new-build schemes. The gates to the docks and basins are mostly shut and it is hard to make out where the Regent's Canal (coming from Paddington Basin past London Zoo) joins the Thames, or where the Fleet river (which used

to run from Hampstead to Blackfriars) came in.

Grey and yellow predominate. The river is a broad grey horizon until Tower Bridge, where the old Pool of London was a grey lake at high tide. To see how wide the river becomes, take the surprisingly long walk through the tunnel between Greenwich and Island Gardens (a Docklands Light Railway stop).

The yellow is the London stock brick used everywhere, in the new schemes as much as the old wharves. Costlier stone buildings only start at Tower Bridge, where the river narrows.

The bridge, with its Tower of London-Jookalike architecture, is a fairytale entrance to the excitement and wealth of central London.

Between Southwark and Wapping the Thames was

also a place for enforcing the law. "Entry to the traitors gate" it says on the river wall below the Tower, after execution, their heads were stuck on the spikes of London Bridge. Southwark had the Clink prison, and sailor criminals (such as Captain Kidd) hung in chains at Execution Dock in Wapping, to be washed three times as the tide came up. Today the river police and their nippy launches are still based at Wapping.

The new projects in Docklands are a sad epilogue to the richness of the Thames's history. They make a jumbled mish-mash of 1980s buildings, competing in a banal me-too style against their neighbours.

Pediments, portholes and mixed surface materials reflect self-indulgent eclecticism pretending

to be the luxury of choice.

Seen from the river, the new-build residential schemes are a huge disappointment – I realise that from inside them, the view may be quite different – and show no evidence of large-scale planning to create a harmonious whole along London's river.

An exception is Canary Wharf, but that is all offices – and one or two single schemes stand out. The vision required to try to relate the schemes to each other is not apparent, however.

"It needed brave thinking," says historian Mark Whittow, who has lived at The Pierhead in Wapping, a handsome Georgian terrace, since the early 1980s. "Docklands is a spectacularly wasted opportunity."

A big part of the trouble,

he thinks, has been "the tendency to build on too small a scale". There is space aplenty, but it needs a big approach. Hence the success of Canary Wharf, and the popularity of the big and bold Victorian wharves.

The dull but aggressive developers' style has run wild, largely because there was no overall public authority for London to ensure visual standards matched the majesty of the river.

So where can one live on the river and not in a new-build scheme? Viewed from the water, the best places are the few 18th and 19th century houses that survive, some of them now turned into flats.

The alternative is a flat in one of the converted warehouses. In the spirit of this old river, they are buildings

of power and purpose.

But the river seems nowadays short of purpose. Barges still ride the tides, mostly carrying rubbish, or debris from excavating the extension to the Jubilee Line, or construction materials. But almost all the cargo traffic is gone, and the river is no longer the passenger highway for Londoners that it was for centuries.

The only passenger boats are for visitors, or holding parties. While gridlock thrives in the streets of London, its great river is a neglected resource, and attempts to introduce water-buses have failed. If they had worked, and Londoners were using the Thames regularly, the public might have realised in time what banal new buildings make up the façade of London on the S-bend formed by the Isle of Dogs.

The Millennium Exhibition will need waterbuses. Afterwards, they must carry on, at a price to match the buses and tube, and let Londoners use their own great river as fully as it deserves.

Room with a view

A trip on a river boat, armed with a street map, is a wise and enjoyable way to start the process of buying or renting Thameside property. For information on boats, call 0891-508471 – a premium line. You should then talk to a Docklands estate agent, such as Savills (0171-488 9586), or Chuttons (0171-407 8669), who can point out what is available.

A view of the river is as important for financial reasons as it is for pleasure: the average price of a flat with a view rose by about 55 per cent between December 1992 and December 1996, according to Savills. This compares with 40 per cent for a flat with a view inland.

Dundee Wharf in Limehouse is an interesting scheme, designed by architects CZWG with imitation cranes. The last phase of five townhouses came on sale last month priced at £230,000 – and are already all under offer. But three apartments are still available. The agents are Savills and Alan Selby (0171-613 3055).

Knight Frank (0171-480 6848) offers several flats for resale in converted warehouses, such as one on the third floor of St John's Wharf, which is next to the river police station. It overlooks the river and has cast-iron columns and beams to show its commercial roots. Price is £395,000.

Or buy a whole house from this agent in The Pierhead, the 1811 pair of terraces built for the officers of the London Dock Company. Number six looks west over the river and gardens. With many of its Georgian features intact, it costs £645,000.

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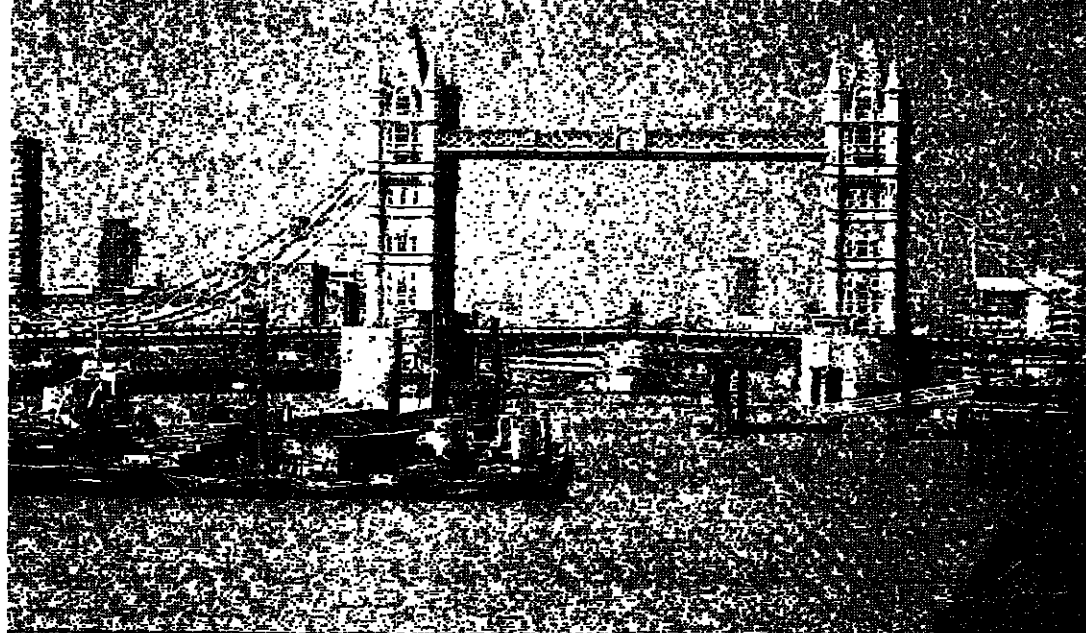
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PROPERTY

Many lights went out in the City of London during the office recession of the early 1990s. When they came back on, some buildings had changed from offices into flats.

And the market cannot get enough of them. Eavesdropping on the mobile phone calls of one of the City's most active residential property dealers reveals the pace at which they are selling.

One call is from a group of French investors wanting to buy up 20 one-bedroom flats in the building we have just walked past. It has not even been sold to the developer yet. Five minutes earlier the developer's land buyer had been on the line negotiating a price. Instantly, he has 20 potential sales in the bag.

This is the way buildings are changing hands in the City. Whether the investors are from France or Ireland, or Singapore or Hong Kong they are buying before the scaffolding has gone up. Their main interest is in one-bedroom flats for the corporate tenant market.

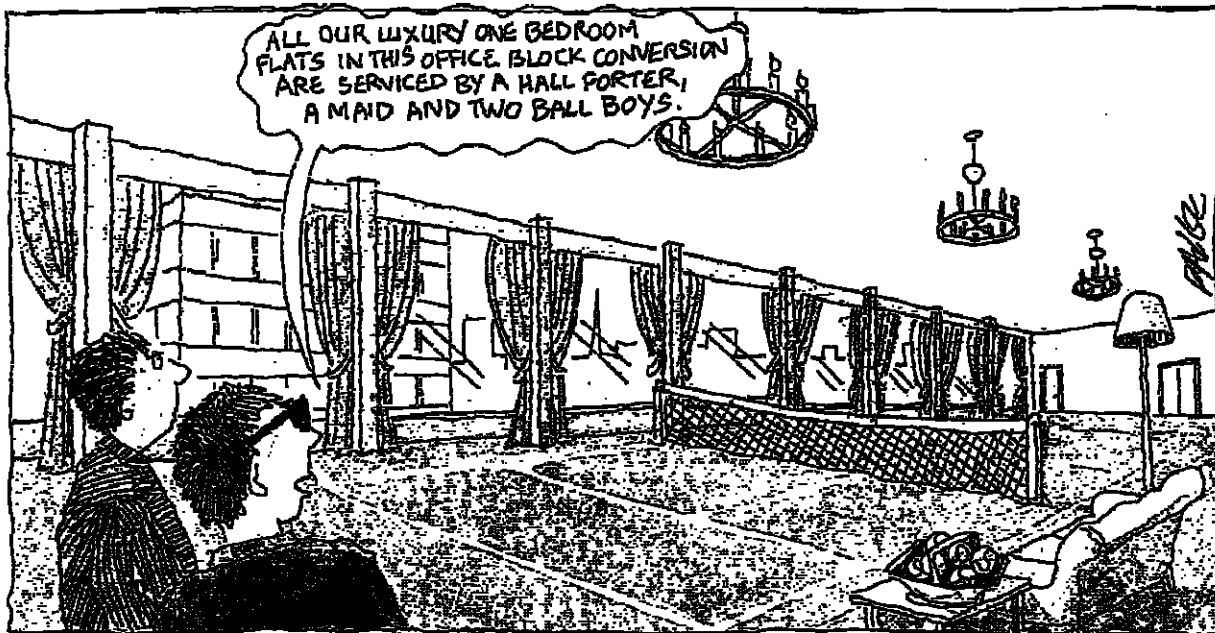
There are almost certainly UK investors and City workers who would be interested in buying these properties but so far, they have not had a look-in.

This low level of domestic participation in the market means it is difficult to tell how the City compares with its competitors in terms of price and attractiveness.

I take as my guide Nick Underhill of Hamptons, the only major estate agency to set up an office in the City. Currently it only handles rentals, but is looking for a site from which to handle sales as well.

Savills, which is extremely active in the development market, does not have a dedicated office but has just appointed one person to operate on the residential side from its commercial office in the City.

One of Nick Underhill's frequent callers is Berkeley Homes. Under its own banner and that of its London subsidiary, St George, it has been one of the most active developers in the City of London. Its forte is converting small period office buildings into flats - the key expertise, given that oppor-



Lighting up the City

When the office lights go out for good, the developers move in and turn the block into one-bedroom flats. Anne Spackman reports

tunities for new residential building are almost nil.

Berkeley has just bought a large building on Farringdon Road with elaborate brickwork and architectural detail. It has another new site overlooking the Tower of London on Trinity Square, with some of the best views the City can offer.

The key to these sites and many others is that the planners have allowed the ground floor to be turned into shops or restaurants. The space above is unsuited to modern commercial needs, although it might be usable by a professional business such as a law firm. But they are unlikely to know it was even available until the house-builder's flag went up.

This year, prices in the City have pushed through the £300 a square foot barrier - at which the average one-bedroom flat costs around £180,000. For the prime river development at Norfolk House, Regalian achieved more than £400 a square foot.

That price is comparable with new developments in established locations, such as Chelsea and Hampstead - but it only applies to one

particular block in the City.

Elsewhere on the City fringes, where developers are trying to charge those prices to domestic buyers, the flats are not selling so swiftly. At the expensive Lexington building on City Road, just north of the official City boundary, the developer Metropolis is hav-

Investors are buying before the scaffolding has even gone up

ing to be patient to get its money.

Metropolis has just bought a former school in Clerkenwell for a price which assumes final sales values of £300 a square foot. There is clearly confidence that the market which has already seen prices increase by around 20 per cent this year, is set to go on rising.

Dominic Grace of Savills thinks buyers will pay high prices for quality develop-

ments wherever they happen to be. "The new breed of buyer is more fussy about the product than about the area," he says. "They are more willing to go and have a look. These are people who haven't arrived home until they go through the security gate. If they like what they see, they'll buy."

In common with many others, he believes there are parts of the City which will never recover in commercial terms. It may take their freeholders a long time to recognise it, but ultimately they will change into residential use.

Hamptons estimates that around 400 new homes are due for completion every six months for at least the next two years. The key place to watch is the area around Ludgate Hill and Carter Lane, to the south and west of St Paul's Cathedral. Hamptons sees plenty of customers for what will inevitably be rental homes.

But is all this a flash in the pan or a permanent restructuring of the City? One respected opinion which has shifted on the City's residential prospects is that of London Residential Research.

In its latest residential development survey, it admits: "Last year we said 'there is some fanciful comment in the press that the City of London is once again becoming a significant residential location. It is not and nor will it'. We were wrong."

If the City continues to be a hot location for investors and corporate tenants, what will be the knock-on effect? It is unlikely to impact on established areas such as Kensington, which, with its green squares and period architecture, is still the most attractive location for senior UK and overseas bankers.

But the plethora of new developments down-river, between Tower Bridge and the Isle of Dogs, may notice the change. These buildings have been heavily pre-sold in south-east Asia to investor landlords, who may find gaps between tenancies increasing and their rents decreasing every time a new apartment block is created in the City.

Residential Development in Central and Inner London 1997, by London Residential Research Limited, 10 Saville Row, London W1X 1AF; tel 0171-287 8444

On the Move / Gerald Cadogan

At home on the beach

The buyer of a Martello tower, built on the shingle on the East Sussex coast, need have no fear of the neighbours: its walls are between six and eight feet thick.

The tower is one of a chain of 74 built around 1806 on the beaches between Beachy Head and Dover as protection against French invasion. Essex and Suffolk had a second string of 29.

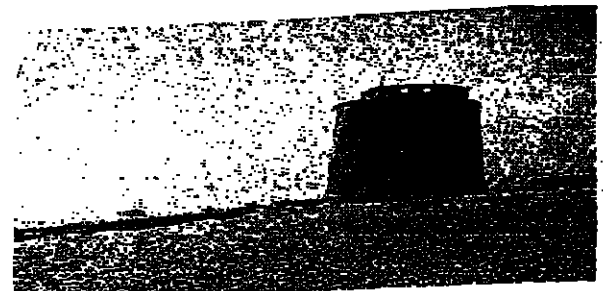
Martellos were named after a tower at Mortella on Corsica, which had withstood the cannons of the Royal Navy. The towers are round, about 30ft high, and housed 24 men and an officer on three floors.

The tower for sale has the address: Martello Tower No.55, Normans Beach, Pevensy. It is both a scheduled ancient monument and a listed building (grade II). It could be converted into a house, although it would be wise to make planning permission a condition of completing the purchase. The suggested price is £165,000 from Jackson-Stops (0171-589 4539).

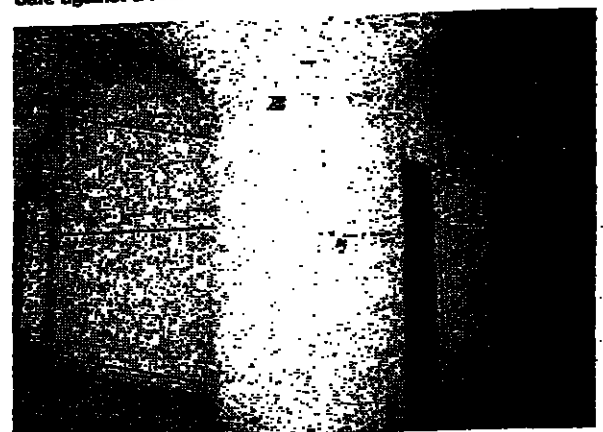
Tobacco money

A member of the Wills tobacco family built Rainbow at Torquay in Devon in the early 1930s. That makes it contemporary with the first modernist buildings in Britain, but it is far removed in style. Rainbow is a last gasp of Edwardianism influenced by the belle époque of France - look at its turrets with their copper caps and pinnacles.

It is also Edwardian in its opulence and quality of building, and cost the large sum for the time of £70,000. The foundations are 10ft deep and incorporated old tram-lines from Torquay. The outside walls are of local Stonycombe limestone, finished on site, and



Safe against a French invasion: Martello Tower No.55



Inside, the tower's walls are between six and eight feet thick

the hall and main stairs are of coral and marble brought from Djibouti.

Rainbow was in private occupation until 1977 when it became Bearn's auction rooms. Now Bearn's is moving to Exeter, and the house is for sale for any sensible purpose, which could include turning it back into one of Devon's grandest residences. Knight Frank (01392-433111) asks for offers by tender by June 20, and suggests a guide price of £750,000 for the house and 18 acres.

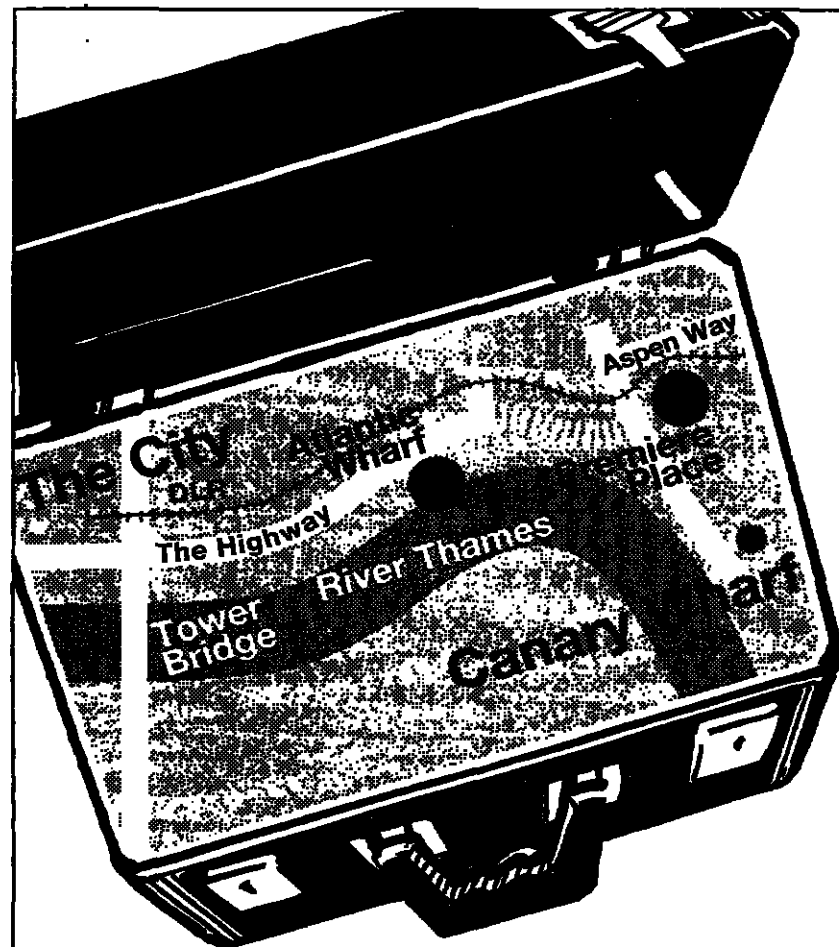


Rainbow at Torquay

Meditation room

Mentmore Towers, the country palace in Buckinghamshire designed by Sir Joseph Paxton (of the Crystal Palace) for Baron Meyer Amshel de Rothschild in 1850-55, does not have enough space for all the students of transcendental meditation. So the Maharishi Foundation, which has owned it since the 1970s, has put it on the market and is seeking larger premises.

Its wealth of decoration is staggering, from gilded French woodwork to imported Renaissance marble fireplaces. With a hall and state rooms to rival Versailles, about 80 bedrooms, including a bachelor wing for unmarried male guests, and 81 acres, Mentmore has a guide price of between £10m and £15m, through Savills (0171-499 8644).



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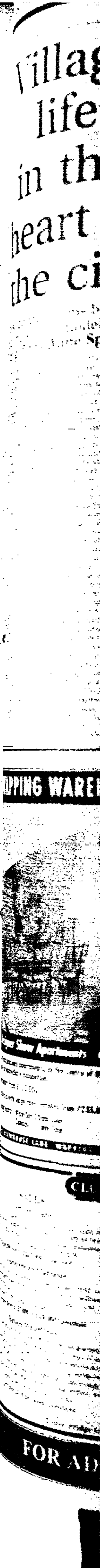
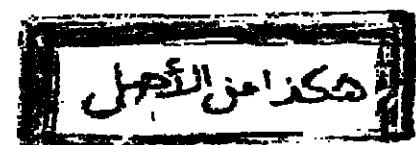
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PROPERTY

Village life in the heart of the city

Cafés, corner shops but no cars are the key to modern urban living, finds Anne Spackman

In the streets of London's emerging central neighbourhoods of Clerkenwell, Finsbury and Bloomsbury, a contemporary version of village life is evolving. People shop on the corner. They meet in local cafés and bars. Many work primarily from home. These may be new neighbourhoods, but they are ones where people get to know their neighbours very quickly.

The key to this life is the absence of the car. Whether they are travelling to work or to the shops, residents measure journey times on foot. They pass through all the squares and alleyways the rest of us miss, as we sit impatiently waiting for the traffic lights to change or counting down the minutes until the tube train arrives.

Anthea Pender and Lawrence Mynott have lived in Bloomsbury for two years. She summed it up like this: "There is no point in having a car here. We walk everywhere. I can go to the British Museum for lunch or take the dog to Regent's Park. This is an area where you say hello to people on the street."

"There are some wonderful little places like Woburn Walk, with its bow-fronted windows and St George's Gardens, where I'm some-

times the only person there. You feel privileged to know these areas."

What is striking about this stretch of London compared to other, newly colonised areas, is that the people who buy here live here. There are few of the investor landlords who dominate the City, the South Bank, and Narrow Street and the Isle of Dogs in the Docklands.

Though the tenants found elsewhere use shops and restaurants like anybody else, they are rarely committed to an area long-term. They may have another place to call home - either in the country or overseas. Their London flat is often a Monday-to-Friday base.

In Clerkenwell and its environs, things are different. The area attracts a particular type of buyer - the city lover. They tend to be very design conscious. Many work in the creative professions, particularly the growing design and architectural practices based in the area.

They have come to Clerkenwell partly for the contemporary living spaces being created in its former offices and factories. And the more they come, the more developers design homes to suit them.

Roger Black fits the mould perfectly. He is a developer who is also a buyer in his



Quite happy on her balcony: Sally Chew doesn't mind doing without a garden or a place to park the car

latest project, a period conversion in New North Street in Bloomsbury. An architect by training, he is using the fashionable practice of ORMS to create his high-spec contemporary style.

Before beginning work he consulted the council tenants in the neighbouring blocks about the external design. "I am going to live here, so they will be my neighbours too," he says.

One factor common to all those who move into these central areas is that they have no children at home. Many are young; some are divorced; many have grown-up children and are moving into town from more family-friendly neighbourhoods.

Andy Brabin, who works in the travel industry, is typical of the young residents moving in to Clerkenwell. He is selling a house in Bat-

tersea and buying a loft in a Sapcote development in Leather Lane, a market street near the Gray's Inn Road.

He says: "It's an exciting time to be moving into the centre of London. I'm a great believer in city living. I have spent a lot of time in European cities where people live in the middle of town. Battersea is only 20 minutes out, but I wanted to be at the heart of things."

"In the new flat I will be 15 minutes walk from Covent Garden and the Barbican. There is a baker's up the road, an Italian deli around the corner and there are plenty of fruit shops in the market. It's also convenient for the airports and Waterloo - I travel a lot, so that's important."

He is buying his loft through Hurford Salvi Carr, the estate agent which domi-

nates this market. With its modern logo and office, it is designed to blend in with the local professional style.

David Salvi says most of his buyers are coming from areas such as Highgate and Islington and south-west London. "These are the same areas which the sellers are moving out to. People who bought here a few years ago and have done the loft bit are now going back to places like Richmond when they have children."

While Clerkenwell is mainly for the pre-children set, Bloomsbury and Finsbury, with their more traditional architecture and garden squares, are attracting a slightly older and very cultured buyer. Lawrence Mynott, who lives in Tavistock Place, says his local video shop must be one of the few with more art movies than horror blockbusters.

David Salvi says he has several buyers whose main worry is how many yards of bookshelves they can fit into their home. "One pent-house buyer had his floors strengthened to take his book collection."

Bloomsbury is also heavily populated with students, many of them from overseas. Where overseas investors have bought in Bloomsbury - such as in Mecklenburgh Square - it is chiefly to house their offspring while they study in London.

The absence of homes with gardens is why people with children are missing from most central residential areas. Bloomsbury is rich in London squares, but few of its old terraces or new conversions have any outside space.

Clerkenwell, as a former industrial neighbourhood has neither squares nor gar-

dens. Do its residents tire of the unremitting urban scene? Sally Chew, a magazine editor, who lives near Clerkenwell Green, does not. "There are people who like their garden and a place to park their car, but I don't miss these things at all," she says. "I'm quite happy sitting on my balcony."

Mynott admits he misses sitting out in the back garden. "But you get used to it," he adds. "The advantages of living here so heavily outweigh the disadvantages."

Brabin thinks he may miss the green of Battersea, but he plans to do something about it. "We've got the Inns of Court quite close by, but we do need some more trees," he says. "It's one of the things I want to work on with Camden Council. We also want to get Chancery Lane tube station opened on Sundays."

Sundays are not the brightest days in these parts of London. While out-of-town superstores are flourishing, the shops and restaurants in this part of town are closed. "Weekends are dead," admits Chew.

But not as dead as they used to be. Restaurants such as Vic Naylor's and The Long Room are bustling on Friday nights, she says, and some are now opening on Saturdays too. It cannot be too long before a supermarket opens in Clerkenwell, which might be the catalyst for further Sunday trading. But that could be mixed news for the corner shops.

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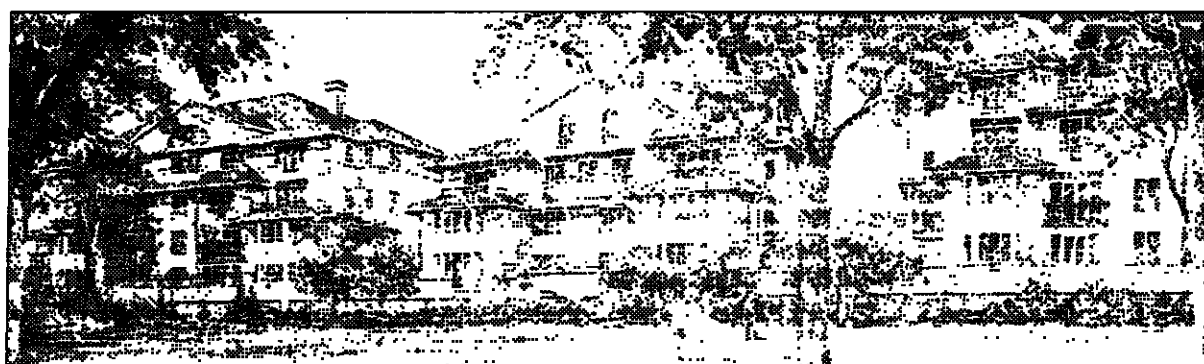
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TRAVEL

Why St Helena feels such an unloved island

Angela Wigglesworth finds a population sad and angry at Britain's attitude to nationality

St Helena must be one of the few inhabited islands in the world that you cannot fly to. You have to go by ship and the only one making regular scheduled calls is the 6,787 tonnes RMS St Helena, the last of the long distance mail ships which leaves Cardiff four times a year to stop at Tenerife, Ascension, St Helena and Cape Town. Once a year, it visits Tristan da Cunha.

Perhaps the fascination of St Helena, apart from the fact that Napoleon was exiled there in 1815 after the Battle of Waterloo until his death six years later, is that it is so isolated. It lies 1,700 miles north-west of, and five sailing days from Cape Town, 1,000 miles from the nearest African mainland. A tiny speck in the South Atlantic, it is just 10% miles by six, with a population of 5,500.

It was discovered by the Portuguese on May 21 1502 and named after Emperor Constantine's mother. The Dutch were briefly there in 1633, but in 1659 it was colonised by the English East India Company and in a 1673 Charter, Charles II proclaimed it to be a British possession, giving the citizens the right to be part of Britain "for evermore". 6,000 Boer War prisoners were brought here between 1900 and 1902.

More voluntary visitors have also come: Edmund Halley, the astronomer; Bligh of the Bounty and Charles Darwin. In 1834 the island became a Crown Colony. Today, it is a British Dependent Territory, ruled by a governor appointed from London and

an elected council.

The RMS, as the ship is affectionately known, is a working vessel carrying vital cargo as well as providing accommodation for 128 passengers.

It had a friendly atmosphere with lectures, keep-fit sessions, games, film shows and dancing on an evening. It also had a captain happy to welcome passengers to the bridge. Passengers on my trip included British, South African, French, German and Americans looking for an unusual holiday or fulfilling a dream to go to St Helena. For the Saints, as St Helenians are called, on

As we drew near, we saw 700ft cliffs dropping sheer to the sea

board it was a journey to a home some had not seen for more than 40 years.

On the day we were to arrive, many of us were up on deck by 5.30am to get a first glimpse of the island. Was it a cloud on the misty grey horizon St Helena, or could that flat-topped slab of rock be St Helena? It was easy to understand how sailors in earlier centuries could have missed it.

Although little visited today, before the Suez Canal was built in 1869, hundreds of ships a year stopped to stock up with fresh water and food on their way to and from India. As we drew nearer, we saw the island's 700ft high cliffs dropping

sheer to the sea and like a thread of cotton, the main street of the island's only town, Jamestown, snaking between the cliffs over which a Union flag was flying.

Immigration officers came on board, we paid £10 for a certificate of entry, our passports were stamped, landing permits issued, life jackets struggled into and soon small motor boats were speeding across the water to ferry us into a harbour too small for large ships to anchor in.

Waiting on the quayside was Colin Corker with his 1928, 28 horse-power, open omnibus into which 14 of us piled for an island tour. We drove up through the Castle arch, past the prison big enough for 12, the police station and government offices, up the main street with its brightly coloured Georgian buildings (slave entrances still visible on some houses), a few pubs, the only two hotels on the island, and Ladder Hill with its 699 steps leading from the town to the Fort above, so high one could barely see the top.

Beyond the stark coastline was an interior of soft green valleys and roads edged with pink hibiscus, jacaranda trees, pale blue plumbago hedges and tall-stemmed sisal flowers. Lilies grew wild in the fields, and hillsides were covered with New Zealand flax. It was once used to make string for the British Post Office until it switched in the 1960s to synthetic fibre, and St Helena's only industry collapsed. Now coffee is being grown and marketed to Harrods and Whittards in the UK, and to Japan and Switzerland.

We stopped at The Briers where Napoleon stayed with a friendly family for his first six - and happiest - months on the island. We saw his tiny red-collared, gold-buttoned black waistcoat, white plumed hat and sad letters protesting about his loss of liberty. That building, together with Longwood House (where he spent the rest of his exile) and the tomb where he was buried, is owned by the French government.



Jamestown club scouts: loyal to Britain, many islanders feel let down



Beyond St Helena's stark coastline are soft green valleys

Information

Angela Wigglesworth flew to Cape Town with Southern Africa Travel and was a guest on the RMS St Helena of the Cunard Shipping Line. More information about the cruise package, hours from Cape Town, Shipping Line on Tel: 01326 500034.

Southern Africa Travel Tel: 01904 820000.

Strand Voyages Tel: 01774 536 6363.

The African Experience, 0200 150200. Best time to go is November to February.



Just behind a sentry box in a flower-filled corner, was an 18-hole golf course. A few miles away was the woodland path to the black railings surrounding what was once Napoleon's tomb. His body was returned to France in 1840.

Colin stopped his charabanc at the top of Ladder Hill, and three of us walked down those 699 steps to Jamestown far, far below. "You'll be stiff the next day," I was warned. I was, but it was worth the experience.

At Plantation House, the governor's home, a fête "for the poor of the island at Christmas" was in full swing. Were we in St Helena or an English village? Bunting fluttered in the breeze; in a marquee they were selling clothes, books, cakes and flowers; there were Morris Dancers and side-shows on

the lawn. Jonathan, the St Helena's tortoise reputed to be more than 200 years old, was taking things quietly in a secluded corner.

There is little crime on St Helena, and the friendly Saints greet you with a smiling hello.

George Benjamin, holder of the British Empire Medal, told me over tea in his bright yellow and blue cottage, how he had rediscovered the Ebony Flower endemic to the island but thought to be extinct, and how he was now growing the St Helena Olive. There are only three in the world, and two are in his garden. A modest man, with a wonderful knowledge of plant life.

After a picnic lunch in the shade of the Boer Cemetery,

we walked down a track towards a glittering blue sea and the home of Jessica March. Dogs barked and out came Jessica, straight grey hair and lively brown eyes. Over sandwiches and pink-iced cakes, she told me that she had lived in the tiny cottage all her life, as had her parents before her. She had learnt to make lace when she was 14, and had given some to the Queen.

Later, I met Pat Musk, the first woman sheriff and a magistrate, who plays the organ for church services.

No visitor should leave without visiting Anne's Place in the public gardens and Dot's in the market hall to taste the best fish cakes and stuffed tuna, as they both claimed, and for meeting the inimitable Anne and Dot themselves.

RMS passengers could sleep on the ship or in town.

I stayed in the blue-walled historic Wellington House, a small quiet hotel with large bedrooms, polished wood floors, cool white walls and excellent food. It has been run for many years by the Yon family and Ivy insisted on driving me down to the ship when I was in danger of missing the last ferry back to the boat.

As we sailed to Cape Town, I thought of what some of the islanders, staunchly loyal to a Britain few had seen, had told me. There was sadness and anger at how the British government, since the 1981 Nationality Act, had deprived them of the British citizenship they had held since 1973, and to a right of abode anywhere except the Falklands, and Ascension Island. They are planning to fight this on legal grounds. I hope they win.

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TRAVEL

Back to Vietnam and its poignant memories

The British correspondent Sandy Gall is waylaid by the past on his return to Saigon

The boy looked about 10, although he turned out to be 15. Small, slight as most Vietnamese are, nice-looking and exceptionally well-mannered. He proffered the usual collection of post-cards, and - unusually - a couple of books as well. "The Quiet American," he said in his well-modulated English. "Let me see," I said, surprised, taking the slim, green, plastic-covered volume from his little pile. At first I could not believe the whole of Graham Greene's masterpiece could be contained in that almost wafer-thin format. But it was, all 288 pages of it, although some were fainter than others: a pirate photocopy of the latest Penguin edition.

"A dollar," I said. I had already discovered in the 24 hours I had been back in Saigon, or Ho Chi Minh City to give it its official name, that everything costs \$1.

"Two dollars," the boy said, politely but firmly.

We were standing outside the Continental, where Greene always stayed and where Fowler met Pyle, the quiet American, for the first time. They met of course on the terrace, where everyone used to gather for a drink in the evening: prostitutes, pimps, politicians, journalists, French colonels, American contractors, Vietnamese agents and little girls selling necklaces of sweet-smelling jasmine.

The terrace, alas, is no more, pulled down in 1975 by the communist authorities who presumably thought it was too conducive to free speech, and thus subversive.

"Go on," said Sally, "don't be mean. Give him \$2." I gave in, just in case the great man's ghost was watching. His last sale of the day completed, the little boy walked demurely away across the square.

It was about 10 in the evening, and we had just spent a pleasant hour in the garden of the Continental, set in an inner courtyard which looked largely unchanged, with the old garden furniture, and the old drinks list. Margaret, Tom Collins, Margarita, Tequila Sunrise, White Lady...they

were all there, faint echoes of a more stylish past.

The past waylaid me everywhere I went in Saigon. We stayed in the Majestic Hotel on the river front where I had watched the final disintegration of the South Vietnamese regime in 1975. As people desperately scrambled to board the ships moored along the quay, I saw one family hoisting their possessions up over the side, including an aged grandmother who was passed from hand to hand like a paper parcel.

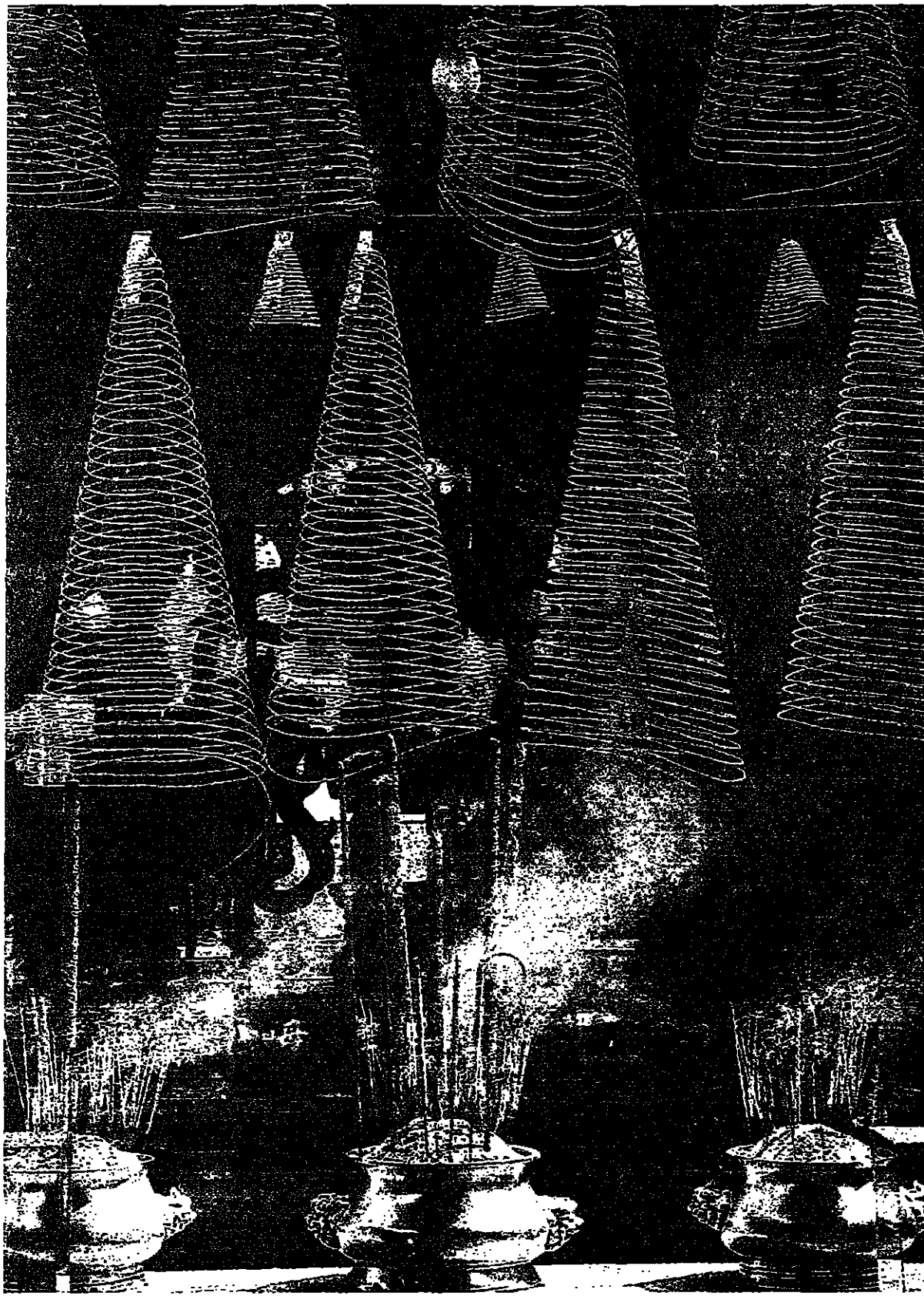
Now the Majestic is all marble and polished brass, and a smartly dressed Vietnamese girl plays very passable Scott Joplin on the piano at breakfast.

The street that runs up to the Continental from the Majestic, once the most famous street in Indochina called Rue Catina, by the French, then Tu Do by the South Vietnamese, and now Dong Khoi by the Communists, used to hum with girls selling an insipid but costly concoction called Saigon tea. "You buy me one Saigon tea," the girls would whisper, nestling up against you, and trying to work out how many dollars you were good for.

The Liberty, where we dined one night, reminded me of the girls' bars, although there was no Saigon tea, only Black Label and Napa Valley Red, and two mini-skirted chanteuses belting out old 1960s favourites. We drank a rather good Robert Mondavi Cabernet Sauvignon called Stockbridge, and ate delicious prawns and crab, the seafood in Vietnam is still excellent.

The streets are even more frenetic than they used to be, swarming with motorbikes and scooters, all seeing alarmingly from lane to lane, and criss-crossing apparently at random, while the drivers and sometimes as many as three passengers weave their way precariously between lorries, buses and cyclists.

The cyclists, often school girls, are the most elegant, usually clad in the national costume, the tight-fitting sheath-like *ao dai* (pronounced "ow ai") which makes every Vietnamese girl look like a model. Although



Incense burns in a temple in Ho Chi Minh City, formerly Saigon

banned by the Communists from 1975 to 1986, the *ao dai* has made a spectacular comeback, and is now the official school uniform for girls.

In the Giac Lam Pagoda in Cholon, Saigon's huge Chinatown, I was reminded that 60 per cent of all Vietnamese are Buddhists, and that Buddhism will probably exert a more lasting influence on the Vietnamese than Marxism. We stood in the incense-scented dusk of the temple, listening to a venerable monk sounding his prayer gong - and recalling that the Buddhists were mainly responsible for bringing about the downfall of the dictator, President Diem, in 1963.

Diem and his brother took refuge in a catholic church in Cholon, and were assassinated shortly after surrendering to the coup leaders. Strange that such a gentle religion could precipitate such a bloody outcome. As we were about to leave

the pagoda, we heard a soft, continuous chattering. "What's that," Pam asked, looking rather alarmed. "Birds," someone said. "In a cage, over there." We finally spotted them, a score of tiny finches crammed in a cage that was far too small. As our British sense of fair play rose up in indignation, a Vietnamese hovering discreetly in the background came forward and explained, partly in dumb show, that the birds were there to be released, in propitiation of the spirits. "Very soon," he smiled consolingly. "Birds fly away." We all felt much happier.

Dalat, our next stop after Saigon, is like an Alpine time capsule, cocooned in groves of pines, the air bright and fragrant. To the eye, it has changed little since the days of the French, and the summer palace of Bao Dai, the last Vietnamese Emperor, still alive and living in Paris, has been pre-

served as a museum. An art deco curiosity, it looks as if the French had skimped on the budget, permitting only basic furniture and fittings. But I did like the big balcony outside Bao Dai's bedroom, which the Emperor used, as the guide put it, for "moon-watching and breeze-getting".

Bao Dai liked shooting tigers too, and did his best to exterminate the species, still plentiful in the 1940s and 1950s, but now found only in Vietnam's biggest wildlife reserve, the Yok Don National Park, north-west of Dalat on the Cambodian border.

But it was the old Imperial capital of Hue which held the most poignant memories for me. Built on the Perfume River, so-called because of the scent of the blossoms drifting on its placid waters, Hue was for 150 years the home of the Vietnamese emperors. In 1968, during the Tet Offensive, the Citadel

was occupied by the North Vietnamese army, until the Americans sent in the Marines.

There was heavy fighting, and much destruction. Miraculously, the Thai Hoa, Palace of Supreme Harmony, was spared. I remember visiting it only a few hours after the Marines had recaptured the Citadel and hoisted the Stars and Stripes. Although the ground was littered with the debris of war, the palace was still intact.

Now it has been returned to its former glory. Of the 80 ironwood columns which supported the roof of the Throne Room, only two had to be replaced. Seventy-eight of the original columns have been restored and repainted with 13 coats of red and gold lacquer, which took six months to dry. Twenty-nine years later, with the memories of that battle no more than a faint echo, the Palace of Supreme Harmony has recovered its ancient calm.

John Wainwright

Forget the cucumber sandwiches

Giles MacDonogh explores Edinburgh's old port of Leith

If afternoon tea at the Balmoral is anything to go by, Edinburgh's five-star hotels are not up to much. A stale cucumber sandwich (actually some sort of blend of cucumber and cream cheese) costs £5 and the service was of the "true the day" school. I have not been into the Caledonian, but the outside would seem to define the Scots adjective "dour". Scotland's capital could be better served.

The Edinburgh Residence is a possible alternative. It consists of two - shortly to be three - tall Victorian houses on the edges of the Georgian New Town, which have been tastefully renovated and turned into large rooms and suites. Interested parties buy a 20-year time share which allows them a basic week a year which may be parcellled up into different two- to three-day periods.

Owners may then buy supplementary days when they are available. The festival and Hogmanay week are not included in the scheme and must be purchased separately.

Apart from cultural bodies with an interest in the festival, the Residence would certainly suit companies needing regular accommodation in Edinburgh. Besides discreet, quiet and comfortable rooms, there is 24-hour room service which brings you anything from a sandwich (fresh, and a third the price of the Balmoral) to a three-course meal.

What convinces me far less is the idea that "non-corporate" customers will want to spend £5,000 to £11,000 for the 20-year occupancy, but people certainly come to Edinburgh - the second most popular short break destination in the British Isles - and the city is ravishingly beautiful, both in the Old Town, and the New.

I used my weekend to take a closer look at Leith, Edinburgh's old port, which I was told was being redeveloped to become a lively new quarter on the model of Cape Town, Oslo or Newcastle-upon-Tyne. The first in, it seems, has been the Scottish Office, which occupies a spanking new building on the quays. Other companies are to follow.

It is a two-way process, however: much of traditional Leith life is moving out. There was still a jolly atmosphere in the Port o' Leith pub, with a tall, possibly Polish, man dancing rock 'n' roll with the women at the bar; ladies of the night still prowling the streets looking for the odd sailor; stragglers still litter the streets. This is the seamy side of Leith - indeed, any port you care to name.

Leith used to be the centre of Edinburgh's wine and whisky trade. Macdonald and Muir, the owners of Glenmorangie and Arbeg distilleries, have recently deserted the port. According to the bluff Sandy Irvine Robertson, he is the last wine merchant left in the port and one of only seven independents in Scotland. He still does good business with his "Leith Claret" and other blends celebrating the "Auld Alliance" and the bibulous Highland clans.

One vibrant member of the drinks trade in Leith is the Scotch Malt Whisky Society, which inhabits a wing of a large 18th century warehouse which was once choc-a-bloc with wine. Members pay £50 and receive their first bottle of cask-strength malt. New malts come on stream all year and you have the right to use the members' room: a vast but warm hall open at

Loch Sween oysters and a brown trout made a more than adequate lunch

lunchtime and three evenings a week for snacks, malt, beer or wine.

Downstairs, the Vintners' Rooms is reckoned to be Leith's best restaurant. I had a good pigeon terrine and fine burgundy from a good, well-priced list, but much of the meal disappointed. Down by the new Scottish Office is Skippers, a family-run fish restaurant "animated" by Allan Corbett, brother of Ronnie Skippers had rather more atmosphere than the Vintners' Rooms, and a good plate of Loch Sween oysters and a brown trout made for a more than adequate lunch.

Denzlers 121 is in the old Pattison building, the company which went bust in 1986 to the tune of half a million and crushed the first great whisky boom in its wake. The restaurant is charmingly old fashioned. The Denzlers are of Swiss descent, and there are lots of doughty Swiss dishes on the menu, and a few wines too. Moreover, the service has the warmth of a bygone age. ■ *The Edinburgh Residence*, tel: 0131-226 3300. ■ *Irvine Robertson Wines*, tel: 0131-553 3321. ■ *The Scotch Malt Whisky Society*, 0131-555 2266. ■ *The Vintners' Rooms*, 0131-554 8423 (240 including wine). ■ *Skippers*, 0131-554 1018 (125 including wine). ■ *Denzlers 121*, 0131-554 3268 (230 including wine).

Spires and Spirits / Adrian Gardiner

The 'terrible siren' of Tewkesbury

At 543 it was a bargain. That was the sum demanded by Henry VIII for Tewkesbury Abbey; the valuation of the steeple, bells and clock. The townspeople scraped it together, thus preserving one of England's most beautiful buildings.

Tewkesbury, in Gloucestershire, is one of the country's best-preserved towns. It was built on rising ground between the rivers Severn and Avon, and the surrounding flood plain has precluded expansion or "promiscuous ribbon development", to use planning jargon.

Tewkesbury's buildings come in two distinct period styles: half-timbered medieval, and the later Georgian brick. Some 350 are listed. Two coaching inns deserve special mention. The Royal Hop Pole opened for busi-

ness in the 15th century. The interior is delightful: hardly a straight line or right angle in sight and on upper floors, staircases lean drunkenly away from the perpendicular.

A plaque on the outside records the visit of Mr Pickwick and friends (most likely Dickens stayed there) - and after a session on "Bottled Ale with some more Madeira and some Port besides...Mr Pickwick and Mr Ben Allen fell fast asleep for thirty miles while Bob and Mr Weller sang duets in the dickey." The 17th century Bell Hotel also has literary associations. In *John Hall-*

far, Gentleman by Mrs Craik, it appears as the house of tanner Abel Fletcher.

But the abbey, consecrated in 1121, is Tewkesbury's centrepiece. It holds a host of treasures. The 14 Norman columns in the nave are the tallest in England. The Milton organ - one of three - is among the oldest in the world. (The poet, who was Latin secretary to Oliver Cromwell, practised on it at Hampton Court Palace.) The wooden stalls with carved misericords are rarities.

Above the choir seven stained glass windows date from 1340. They depict the

powerful Norman families who founded the abbey: Sir Edward Despenser, standard-bearer to the Black Prince and ancestor of Princess Diana; Hugh, Baron Despenser and his wife Elizabeth; Sir Guy de Brien, a standard-bearer at the battle of Crecy and Admiral of the English Fleet, and others. They occupy ornate tombs, but it is a simple modern plaque which draws our attention - that of Victoria Woodhull Martin.

A household name in America, she is scarcely known in Britain. She was born in Ohio in 1838. By 1868 she had become a banker

and broker on Wall Street - an unusual career for a woman - and two years later had embarked on a life-long campaign for women's suffrage.

Woodhull Martin was the first woman to stand for president, on a ticket of legalised abortion, legalised prostitution, birth control, free love and vegetarianism. These were brave campaigns for the times.

Her enemies - and she had many - dubbed her "The Terrible Siren", "Mrs Satan" and "The Petticoat Politician". While on a lecture tour of English cities, she met and subsequently mar-

ried John Biddulph Martin, a London merchant banker, and on his death in 1893 she inherited the family's Gloucestershire estates around the village of Bredon's Norton.

Even in her 60s and 70s she seems to have had indefatigable energy. She adapted quickly to life as lady of the manor. She improved roads and houses around the village, built a school, and started a society to promote Anglo-American friendship.

She was among the first women in Britain to own a car and loved speeding, threatening to sack her

chauffeur if he drove too slowly.

I had to see the house where she entertained the Prince of Wales, Arthur Balfour, the prime minister, and the Lord Mayor of London. Bredon's Norton is a few miles from Tewkesbury on the western escarpment of Bredon Hill, and the manor house sits at the top of the village, with a panorama over the Vale of Severn.

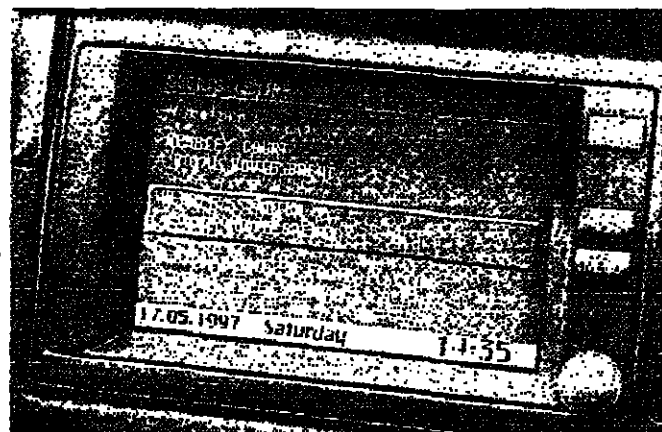
"She became rather eccentric in her old age," Richard St Aubrey Davies, the present owner, told me (his aunt saved the house from demolition in 1953). "She used to stand at one

end of the hall and shout to guests at the other, rather than risk catching disease."

It is a peaceful place for the last years of a great social campaigner, a woman who fought bigotry and prejudice all her days, and who wrote: "All this talk of women's rights is moonshine. Women have every right."

■ *Tewkesbury tourist information* is on 01684-295027. ■ *Royal Hop Pole Hotel*: 01684-293236, fax 01684-296691.

■ *The Manor House at Bredon's Norton* is an upmarket B&B, with a swimming pool and jacuzzi. It also caters for the corporate hospitality sector and offers archery, clay-pigeon shooting etc. Tel: 01684-772347. ■ *The best biography of Victoria Woodhull* is *The Woman Who Ran For President* by Lois Beachy, Underhill (1995).



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INTERNATIONAL ARTS GUIDE

What's on in the principal cities

■ AMSTERDAM

CONCERT

Concertgebouw Tel: 31-20-6718345
 ● Koninklijk Concertgebouworkest: with conductor Riccardo Chailly and violinist Gil Shaham in works by Brahms, Strauss and Bartók; May 23

EXHIBITION

Rijksmuseum Tel: 31-20-6732121
 ● The Nude - Prints, drawings and photographs: nude figures have long appeared in scenes from the Bible and mythology. In this exhibition artists spanning five centuries give their individual interpretations of these figures: Adam and Eve, gods such as Mars and Venus, and many other heroes and saints; to Aug 3

■ ANTWERP

CONCERT

deSingel Tel: 32-3-2483800
 ● Beethoven Academie: with conductor Philippe Herreweghe and cellist Roel Dieltjens in works by Schumann and Beethoven; May 24

EXHIBITION

Koninklijk Museum voor Schone Kunsten Antwerpen Tel: 32-3-2387809
 ● Vlaamse Miniaturen voor Vorsten en Burgers, 1475-1550: exhibition covering the years 1475-1550, a period in which Flemish miniaturists developed a unique style that served as a source of inspiration for many other artists, both in Flanders and abroad; to Jun 22

■ ATHENS

CONCERT

Athens Concert Hall Tel: 30-1-7282333
 ● Athens State Orchestra: with conductor Woldemar Nelsson and pianist Martinos Tsimos in works by Beethoven; May 23

■ BARCELONA

EXHIBITION

Fundació "la Caixa" Tel: 34-9-4588907
 ● Fotopress 97: display featuring entries to this year's photojournalism competition, covering six thematic areas: "Third World Realities", "Epidemics of Our Time", "Towards a New Order of World", "Transition in the Eastern Countries", "A Planet Under Threat From Man" and "Contemporary Rites of Happiness"; from May 23 to Jul 27

■ BERGEN

FESTIVAL

Bergen International Festival, Norway Tel: 47-55-312170
 ● Bergen International Festival: this year's festival features performances by the Norwegian Baroque Orchestra, the Nye Carte Blanche dance company, Les Musiciens du Louvre, Opera Comique and the pianist Lief Ove Anderson. Opening the festival is the Komische Opera, performing *Erzählungen* by Hoffman, with conductor Shao-Chia Lio. Soloists include Neil Wilson, Dagmar Schellenberger and Jürgen Freier; from May 21 to Jun 1

■ BERLIN

CONCERT

Konzerthaus Berlin Tel: 49-30-203090
 ● Rundfunk-Sinfonieorchester Berlin: with conductor Rafael Frühbeck de Burgos in works by Mahler and Tchaikovsky; May 24

OPERA

Staatsoper Unter den Linden Tel: 49-30-20354438
 ● Il Barbiere di Siviglia: by Rossini. Conducted by Sebastian Weigle; May 22

■ BIRMINGHAM

CONCERT

Symphony Hall Tel: 44-121-2002000
 ● Vladimir Ashkenazy: the pianist performs works by Mozart and Chopin; May 24

■ BONN

EXHIBITION

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-9171200
 ● Deutsche Fotografie: display of 300 works by 150 German photographers covering different aspects of the medium, including architecture, art, fashion, design, advertising and journalism; to Aug 24

OPERA

Oper der Stadt Bonn Tel: 49-228-7281
 ● Parsifal: by Wagner. Conducted by Jeffrey Tate, performed by the Orchester der Beethovenhalle Bonn and the Oper der Stadt Bonn. Soloists include Henry Peeters, Stephan Richardson and Franz-Josef Selig; May 19

■ BOSTON

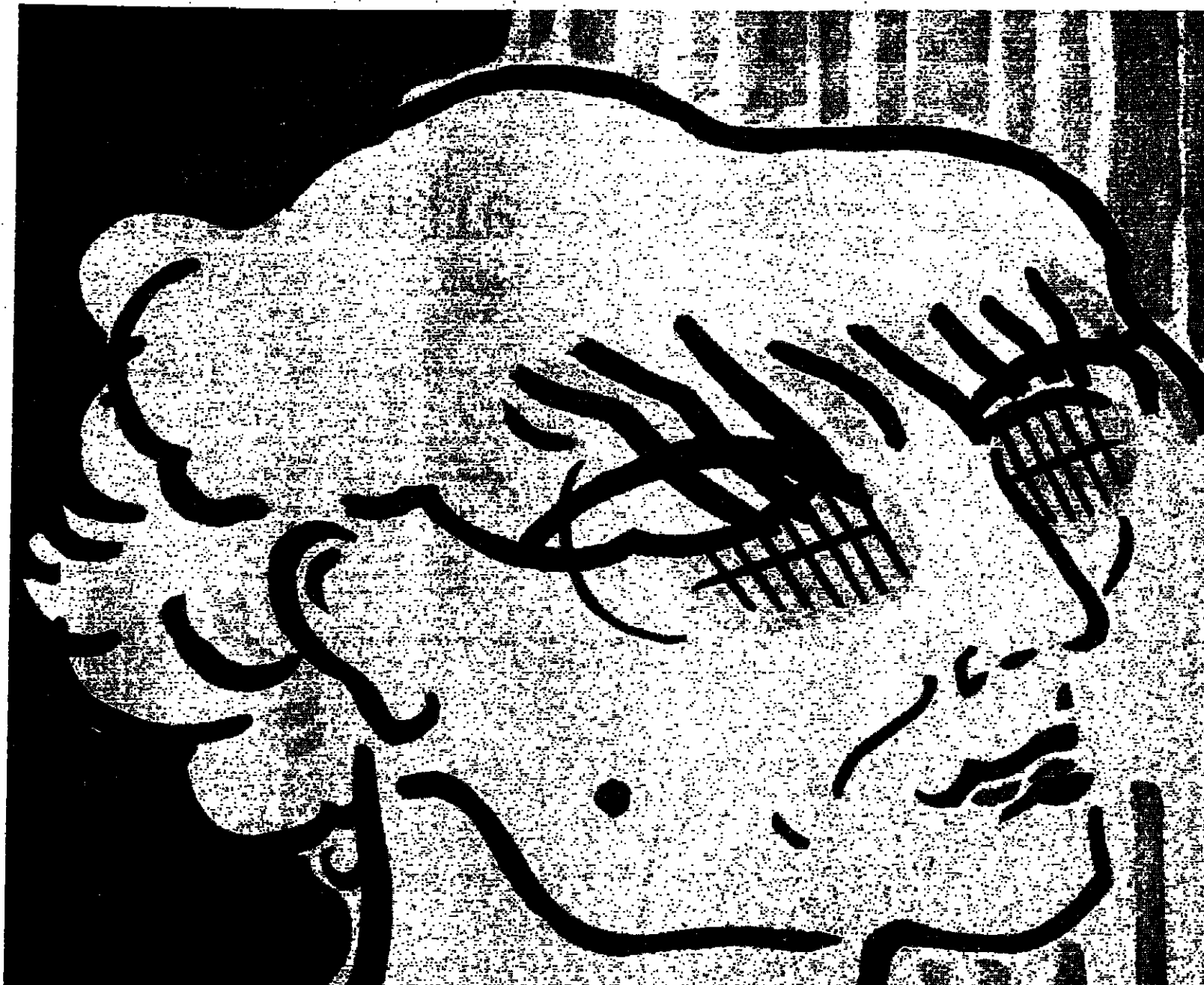
EXHIBITION

Museum of Fine Arts Tel: 1-617-267-9300
 ● Tales From the Land of Dragons: 1000 Years of Chinese Painting: display of 153 rare and ancient paintings from the Tang, Song and Yuan dynasties, including early Buddhist and Daoist religious pieces, many of which have never before been exhibited in public; to July

■ BRUSSELS

CONCERT

Koninklijk Concertgebouw Tel: 32-2-5183111



'Lesitude', 1912, a woodcut by Jean-Emile Labrousse, on view in the Printmaking in Paris exhibition opening on Friday at the British Museum, London

32-2-5078200

● Philadelpha Orchestra: with conductor Wolfgang Sawallisch in works by Brahms, Schumann and Dvorák; May 23

● Betty Carter and Trio: performance by the jazz singer; May 20

■ DRESDEN

EXHIBITION

Staatliche Kunstsammlungen Dresden - Museum für Sächsische Volkskunst Tel: 49-351-570817
 ● Das merkwürdige Jahr 1848: display of 100 prints chronicling political and military events of the period. Although originally mass-produced only a few sets of the series remain; from May 17 to Aug 24

■ DUBLIN

CONCERT

National Concert Hall Tel: 353-1-6711888
 ● James Galway: performance by the flautist, accompanied by the pianist Philip Moll. The programme includes works by Martinu, Faure, Widor, Briceaud and Doppler; May 20

■ EDINBURGH

EXHIBITION

Scottish National Gallery of Modern Art Tel: 44-131-5568921
 ● Contemporary Botanical Paintings from the Sherwood Collection: exhibition of 35 botanical paintings and drawings by artists including Paul Jones, Raymond Booth and Rory McEwen; from May 24 to Jul 13

■ FRANKFURT

CONCERT

Alte Oper Tel: 49-69-1340400
 ● Kronos Quartet: performs works by Bershoff, Phan, Gollay and Dun; May 24

■ GENEVA

AUCTION

Sotheby's Genève Tel: 41-22-7328585

● Important Watches, Wristwatches and Clocks: sale including a number of pieces by famous names such as Patek Philippe, Vacheron-Constantin, Rolex and Cartier; May 20

■ GENOA

EXHIBITION

Palazzo Ducale Tel: 39-10-562440
 ● Van Dyck a Genova - Grande pittura e collezionismo: exhibition examining the years Flemish painter Anthony van Dyck (1599-1641) worked in Genoa. The display features some 40 of Van Dyck's paintings as well as works by artists including Titian, Caravaggio, Rubens, Vouet, Strozzi, Procaccini, Gentileschi and Cambiaso; to Jul 13

■ GLASGOW

EXHIBITION

McLellan Galleries Tel: 44-141-3311854
 ● The Birth of Impressionism: from Constable to Monet: exhibition featuring over 300 works, setting the Impressionist movement in a social, scientific and historical context, looking at the effects of photography, new paint technology and the coming of the railways on artists including Millet, Rousseau, Courbet, Degas, Monet, Pissarro, Manet and Cézanne; from May 23 to Sep 7

■ HAMBURG

CONCERT

Musikhalle Hamburg Tel: 49-40-346920
 ● Deutsche Kammerphilharmonie Bremen: with conductor Thomas Hengelbrock, the Freiburg Barockorchester and baritone Matthias Göme in works by Schubert and Brahms; May 21

■ LONDON

CONCERT

Barbican Hall Tel: 44-171-6364141
 ● Royal Philharmonic Orchestra: with conductor Daniele Gatti and pianist Maurizio Zanini in works by Schubert, Mendelssohn and Strauss; May 23
 Royal Festival Hall Tel: 44-171-9804242
 ● Maurizio Pollini: the pianist performs works by Beethoven; May 20
 Wigmore Hall Tel: 44-171-9352141
 ● The Roger Trio: pianist Peter Frank, violinist Görgy Pauk and cellist Ralph Krshbaum perform works by Beethoven, MacMillan and Brahms; May 19, 21

EXHIBITION

British Museum Tel: 44-171-6361555
 ● Printmaking in Paris: Picasso and his Contemporaries: exhibition examining developments in printmaking that took place between 1905 and 1970. Organised as a sequence of episodes the display looks first at the Cubist works of Picasso and Braque, moving on to Matisse, the Surrealists and the post-War work of Soulages and Dubuffet, finishing with pieces by Vasarely, Pollackoff and Manessier; to Sep 30
 Barbican Tel: 44-171-6388891
 ● Janet Nathan - Constructions 1979-1997: retrospective exhibition covering the British artist's work over an 18 year period, charting her preoccupation with river and seascapes, produced using found materials and crafted forms; from May 18 to Jun 8

JAZZ & BLUES

Purcell Room Tel: 44-171-9804242
 ● Jessica Williams: performance by the jazz pianist, accompanied by bass-player Tim Wells and drummer Bobby Worth; May 22

OPERA

Royal Opera House - Covent Garden Tel: 44-171-2129234
 ● Katya Kabanova: by Janáček. Conducted by Bernard Haitink. Soloists include Eva Jeník, Dagmar Pecková and Keith Olsen; May 23

■ LOS ANGELES

EXHIBITION

Los Angeles County Museum of Art Tel: 1-213-8576000
 ● China in Mexico's Cultural Heritage: Chinese Ceramics in Mexico: exhibition focusing on Chinese works imported during the late 16th to early 18th century, a time of large-scale trade between Spain and the Orient via Mexico. The display features over thirty ceramic works from museum collections in Mexico, excavated works from shipwrecked Spanish galleons and archaeological finds from Mexico City's Zocalo area; to Jun 15

■ MADRID

CONCERT

Auditorio Nacional de Música Tel: 34-1-3370100
 ● Midori: performance by the violinist, accompanied by the pianist Robert McDonald. The programme includes works by Schubert, Frank, Enescu and Kreisler; May 24

EXHIBITION

Fundación la Caixa Tel: 34-1-4354833
 ● Madrid-Barcelona, 1930-1936: A Chronicle of Two Cities: exhibition examining the political and cultural histories of the two Spanish cities during the country's civil war. Artists represented include Picasso, Miró, Dalí and Gargallo; from May 21 to Jul 27

■ NEW YORK

AUCTION

Sotheby's Tel: 1-212-806-7000
 ● Americana from the Collection of Richard and Rosemarie Machmer: sale featuring 528 pieces, including a superb array of furniture, textiles, needlework, wood carvings, pottery and American Indian artefacts, dating

including works by Masson, Matta, Roth and Hodgkin; to Aug 5

■ SAN FRANCISCO

CONCERT

Louise M. Davies Symphony Hall Tel: 1-415-8648000
 ● Symphony No.3 in D minor: by Mahler. Conducted by Michael Tilson Thomas, performed by the San Francisco Symphony and the Women of the San Francisco Symphony Chorus. Soloists include mezzo-soprano Michelle DeYoung; May 21, 22, 23, 24

■ STOCKHOLM

EXHIBITION

Nationalmuseum Tel: 46-8-6684250
 ● Acquisitions from the Stockholm Exposition of 1897: display marking the 100th anniversary of what is still the largest exhibition ever held in Sweden. The Swedish parliament granted the Museum extra funds for purchasing works from the display and a number of these are being exhibited for the first time since 1897; to Sep 1

■ STUTTGART

EXHIBITION

Staatgalerie Stuttgart Tel: 49-711-2124050
 ● Magie der Zahl - Zahlenspiel und Arithmetik in der Kunst des 20. Jahrhunderts: exhibition focusing on the use of numbers, arithmetic and statistics in 20th-century art. Artists represented include Johns, Warhol, Twombly, Koonellis, Merz, Braque, Dalí, Duchamp, Lissitzky, Malevich, Magritte, Miró, Moholy-Nagy, Schwitters, Severini and Tanguy; to May 19

■ SYDNEY

EXHIBITION

Art Gallery of New South Wales Tel: 61-2-2251700
 ● Giorgio Morandi 1890-1964: the first exhibition of Morandi's work to be held in Australia, featuring 31 paintings and 60 etchings. The Italian painter specialized in still lifes made up of common objects such as bottles, lamps and cans, working with subtle combinations of colour that produced an overall feel of serenity; to Jul 13

■ VENICE

CONCERT

PalaFenice Tel: 39-41-786511
 ● Philadelphia Orchestra: with conductor Wolfgang Sawallisch and violinist Frank Peter Zimmermann in works by Schumann and Brahms; May 21

■ VERONA

EXHIBITION

Museo di Castelvecchio Tel: 39-45-594734
 ● India: Antiche Miniature e Dipinti: the first ever public display of 80 Indian miniatures dating from the 16th-19th centuries, drawn from the personal collection of Sir Howard Hodgkin; to Aug 3

■ VIENNA

CONCERT

Konzerthaus Tel: 43-1-7121211
 ● Camerata Academica: with conductor Alexander Janiczek, violinist Christian Tetzlaff and cellist Tanja Tetzlaff in works by Haydn and Mozart. Part of the Nationales Musikfest der Wiener Konzerthausgesellschaft; May 21, 22
 Musikverein Tel: 43-1-5058681
 ● Felicity Lott: performance by the soprano, accompanied by the pianist Roger Vignoles. The programme includes works by Schubert, Mendelssohn, Brahms, Chabrier and Britten; May 24
 Wiener Staatsoper Tel: 43-1-51442980
 ● Die Wiener Philharmoniker: with conductor Riccardo Muti and soprano Solfe Isoksdal in works by Stravinsky and Mahler; May 18

■ WASHINGTON

EXHIBITION

Arthur M. Sackler Gallery Tel: 1-202-357-2700
 ● The King of the World: A Mughal Manuscript: display of the Padshahnama Mughal manuscript documenting the reign of Emperor Shah-Jahan, the fifth ruler of the Mughal dynasty who ruled from 1628 to 1658 and commissioned the construction of the Taj Mahal and the great forts of Delhi and Agra. The manuscript was presented to George III in 1797 and has rarely been seen in public since; from May 18 to Nov 2

Corcoran Gallery of Art Tel:

1-202-638-3211
 ● Joshua Johnston "A Self-Taught Genius": An African American Portrait Painter: display tying in with the Corcoran's "The Peale Family" exhibition by examining the work of the portraitist Johnston, who until recently was assumed to have been a slave of the Peales' household; from May 21 to Aug 9

■ ZURICH

OPERA

Opernhaus Zürich Tel: 41-1-268 6666
 ● Don Pasquale: by Donizetti. Conducted by Nello Sanzi, performed by the Oper Zürich. Soloists include Isabel Rey, Ruggero Raimondi and Reinaldo Macias; May 19, 21

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Weekend Investor

Wall Street

Rough ride aboard Flight Dow 8000

Investors seek comfort in the relative safety of blue chips, says Jane Martinson

Investors could be forgiven for feeling a little sick this week. Travelling on Flight Dow 8000 they have been buffeted sideways by each piece of economic data and pocket of inflationary air while heading ever skyward.

The Dow Jones Industrial Average, the blue-chip indicator, broke two all-time closing records and rose 2.3 per cent to 7333.55 in four days this week (based on Thursday's closing price). But the upward flight was hit by intraday falls of such dimensions that on several occasions they prompted "tick" rules, intended to prevent huge swings.

A raft of economic figures and a hawkish speech from one of the Federal Reserve presidents were behind these seesaw movements. Acute sensitivity has enabled data which is typically ignored to make prices wobble, as witnessed by the market's fall when a regional survey on the south-east showed better-than-expected growth.

The main reason for this volatility is that the market is anticipating Tuesday's meeting of the Open Markets Committee of the Federal Reserve Board. The key meeting is set to decide whether the strength of the economy merits a second interest rate rise this year.

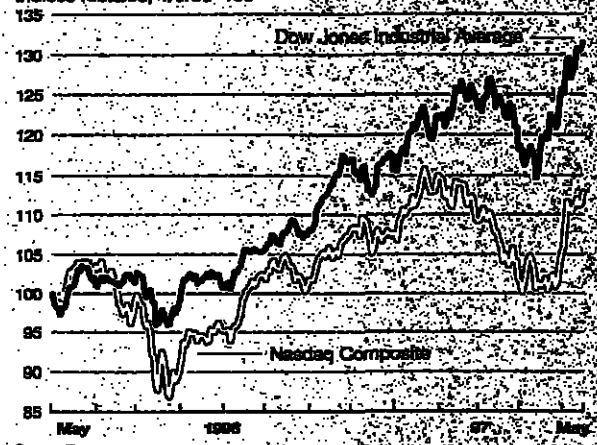
Abby Cohen, the influential co-chair of the Goldman Sachs investment committee, says that market volatility has roughly doubled since February when it became more obvious that Alan Greenspan, the Fed chairman, was considering further rate rises. "We are still in a volatile and choppy trading range with investors responding to small bits of data and waiting to see how it works out," she says.

Unlike March, when the Fed engineered 1997's first rates increase, the market is split over whether rates will go up again. Conflicting economic data combined with more than usually Delphic statements by Greenspan have given sustenance to both sides of the debate.

What has surprised most observers is that, in spite of the volatility and the lack of consensus over the rate rise, the market has continued to soar to new heights. David Ader, director of fixed income for Technical Data,

Blue chips in the lead

Indices released, 1/5/98-100



Source: Datastream

the financial services group, says: "I frankly admit, I am surprised and impressed by the market's ability to trade as well as it does."

Strategists are sharply divided into bullish and bearish camps in their explanations for both the volatility and the upward trend. In outline, the former believe that economic data should support sustained growth with or without a rate rise on Tuesday and that volatility is to be expected.

While few strategists believe that the Fed's decision will cause anything like the havoc it did in 1994 with its first unexpected rates rise, Warren Epstein, director of trading at Rosenblatt & Co, is extremely bullish when he says, "more than any other meeting, this one is a non-event".

Cohen believes that Greenspan will take a pre-emptive stance and lift rates once more on Tuesday. However, she believes the Dow will stay in a "trading range" of between 6500 and 7300 whatever happens. "The risk is that we spend more time here but there is not a significant risk of price decline."

Against this backdrop analysts argue that the volatility is to be expected and not only because of Tuesday's meeting. They point out that the Dow's record-breaking levels make large point rises more normal while the previous two years of steady economic growth has lulled investors into a false sense of low volatility.

Cohen says: "It seems abnormal to investors but we had abnormally low vola-

tility for a long time."

Michael Metz, chief investment strategist at Oppenheimer & Co, takes the opposite view. His concern about the market's ability to "strut off every bit of negative news and go ever higher" this week is based on a belief that the euphoria is based on "short-term performers following the crowd".

Amid this disagreement investors appear to be trying to head off uncertainty with a flight to the relative safety of blue chips. Metz believes that investors who are nervous about the market's volatility and cannot remember previous choppy times think they are taking safe bets with the big companies.

The trend for big companies to significantly outperform smaller ones has intensified since February, as witnessed by the relative performance of the Dow and the Nasdaq composite index, where smaller technology stocks have brought down the average.

Metz also believes that the Fed is likely to raise rates and, if it does, the companies to suffer will be the blue chips.

If so, the safe landing investors were hoping for after Tuesday by travelling in a Jumbo rather than a light aircraft could be bumpier than expected.

Dow Jones Industrial Average
Monday 7292.75 -125.22
Tuesday 7274.25 -18.54
Wednesday 7293.48 -11.53
Thursday 7333.55 +47.08
Friday

London

A love affair with Labour

Philip Coggan watches as Footsie finds romance

Anthony and Cleopatra, Romeo and Juliet, Labour and the City of London. Love affairs that will go down in history. If only Labour had been in power for the past 18 years, who knows how high the FTSE 100 index might be?

The index has risen from 4,445.0 on election day to 4,693.9, an all-time closing high, last night. Most people thought that a Labour victory was discounted by the markets long ago. But few can have expected such an enthusiastic reaction to a Labour landslide.

A large part of the rally can be attributed to the decision by the new chancellor, Gordon Brown, to give the Bank of England power to set interest rates. At a stroke, that has reassured the markets about Labour's economic policy, reduced inflationary expectations and revalued gilts.

One of the recurring fac-

tors in this long bull market popped up again this week: takeover activity. The planned £23bn-plus merger between Guinness and Grand Met not only lifted the stocks concerned but also provoked investors to search around for other potential bid targets. Moreover, the merger will result in a £2.4bn payout to shareholders, which is likely to be reinvested in the market.

Further bids certainly would help to maintain the bull market's momentum; otherwise, investors may well be tempted to take a breather until they see what Brown proposes next month in his first Budget.

The big issue for the corporate sector seems to be whether Labour will act to raise money, and discourage high dividend payments, by changing the tax regime. The long-term economic justification for a change is that UK companies pay out too much of their earnings to

shareholders in the form of dividends, instead of reinvesting their profits to grow their business. But the short-term argument is that the government needs to raise taxes to reduce the Budget deficit, and would rather not annoy the voters by hitting consumers.

One story circulating in the City this week was that, instead of cutting the dividend tax credit to pension funds, the government might restrict the amount of advance corporation tax (ACT) that companies can reclaim. As this is such an arcane field, it is worth explaining the system.

When companies pay dividends to shareholders, they pay tax (at a rate of 20 per cent) to the government. This tax payment can be offset against the corporation tax they pay on their profits; hence the name "advance corporation tax".

For shareholders, this means their basic tax obliga-



Love's labour: few can have expected such a reaction

tions are assumed to be met (higher-rate taxpayers face an additional bill). But non-taxpayers, such as pension funds and personal equity plan-holders, can reclaim the equivalent of ACT from the Inland Revenue. On a net dividend of 5p a share, they can now reclaim 2p.

Mark Tinker, UK strategist at UBS, says one possibility is that "the authorities could simply restrict the company's tax credit to, say, half the existing rate or, more elegantly, lower the limit of ACT reclaimable from 20 per cent of profit before tax to 10 per cent".

He adds: "On this basis, companies would find that the more they distributed, the higher would be their corporation tax, while pension funds would find their gross yield unchanged."

The attraction of this approach is that it would not affect the value of pension funds in the eyes of actuaries. The alternative approach of reducing the tax credit would cut the actuarial value, with the result that some funds might be pushed into deficit. They would then have to call on their corporate parents to pay contributions to make up the deficits.

But Tinker argues that "high-yielding/low-growth stocks would find their tax rates affected and many might have to cut their dividends". That would cause particular damage to a number of stocks and might frustrate investors who follow

long-standing stockpicking strategies based on dividend yield. It also seems likely that such a tax change would slow the rate of overall dividend growth in the long term and, to the extent that it did result in an extra tax burden on the corporate sector, would have a negative effect on the overall level of the market.

Tinker points out that companies might try to find alternative ways of distributing income, such as share buy-backs; the rocket scientists in the corporate finance departments of investment banks would no doubt get busy devising products which converted capital gains into income for those companies which still desired it.

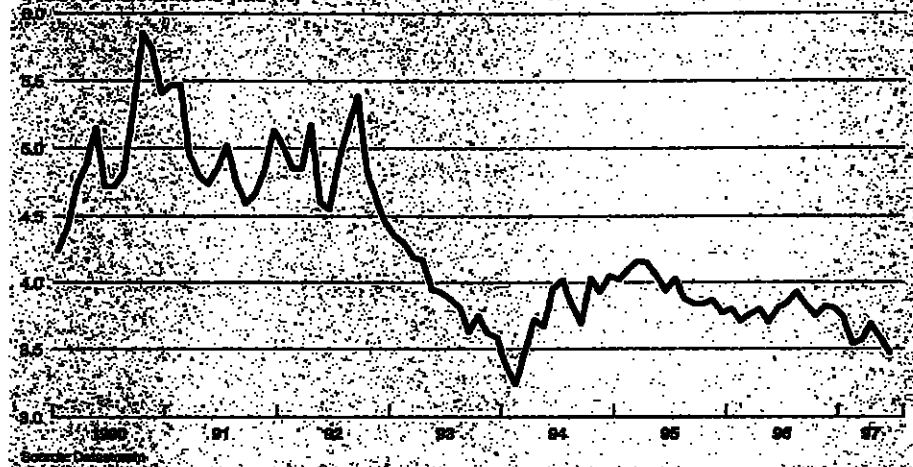
FOOTNOTE: In April last year, the Weekend FT ran an article on the PEG stock-picking system. This was devised by Jim Slater, using the material in Company REFS published by Hemmington-Scott.

Since newspapers often point out when such systems fail, we should report that the seven stocks selected by the system rose by an average 28.5 per cent, well ahead of the All-Share's 11.8 per cent rise over the same period.

Indeed, that is probably an under-estimate since one of the selections, Southern Water, was taken over in mid-year and the calculation does not allow for any reinvested income. Of course, just because it works for one year...

Dividends under threat

FTSE 100 Share Dividend yield (%)



Highlights of the week

| | Price | Change | 52 Week Low | 52 Week High |
|--------------------|--------|--------|-------------|--------------|
| FTSE 100 Index | 4693.9 | +43.0 | 4723.7 | 3612.6 |
| London | 4693.9 | +43.0 | 4723.7 | 3612.6 |
| Abby National | 98 | +4 | 87 | 105 |
| British Airways | 780 | +61 | 783 | 454 |
| British Petroleum | 445 | +14 | 424 | 454 |
| Burns Group | 140 | +14 | 129 | 154 |
| Debenhams | 187 | +4 | 180 | 194 |
| Glaxo Wellcome | 1293 | +53 | 1237 | 512 |
| Grand Metropolitan | 588 | +53 | 513 | 411 |
| Guinness | 587 | +50 | 615 | 424 |
| Independent | 187 | +4 | 180 | 194 |
| Laporte | 650 | +22 | 750 | 523 |
| Reckitt Benckiser | 459 | +49 | 422 | 330 |
| Sainsbury | 369 | +21 | 430 | 314 |
| Surrey | 125 | +39 | 142 | 42 |
| Wood (John D) | 135 | +19 | 145 | 41 |

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Barry Riley

Down but not quite out

Inflation has the capacity to come back slugging

Barry Riley's inflation rate (excluding mortgage interest rates) floated down to the top of the target range at 2.5 per cent in April. No matter that inflation has dipped to 1.7 per cent in Spain and 1 per cent in France; the UK is back on course, after exceeding the target for more than two years.

Certainly, the financial markets have become more optimistic about inflation since the Bank of England was given operational responsibility last week for setting short-term interest rates. Conventional gilt-edged yields have tumbled compared with those on index-linked gilts, implying that inflation expectations have fallen 0.5 per cent.

Yet, the Bank itself remains uneasy, according to Tuesday's quarterly *Inflation Report*. Inflation's recent decline has been helped by the unrepeatable appreciation of sterling (by 20 per cent against the D-mark, for instance, in 12 months). If sterling holds steady, suppressed inflation will gradually work through again. If the currency should actually tumble back again, the surge in prices would obviously be more severe. The Bank's central estimate of underlying inflation in two years' time is about 3 per cent, but it thinks there is roughly a one-in-10 risk of 5 per cent.

Certainly, a lot of money is sloshing around, with the potential to cause trouble. Broadly-defined money has been growing at 13 per cent annualised during the past six

months. This is twice as fast as would be comfortably consistent with present economic growth and inflation. Too much money chasing too few goods was the old schoolbook explanation of inflation. Fortunately, there are plenty of physical goods around right now, but other commodities and services are in shorter supply.

Share prices, for instance, are up 18 per cent in a year. This statistically speaking, the answer you come up with might be a lemon.

Probing into the fruit salad, the services sector of the domestic economy seems quite close to overheating. The average achieved hotel room rate has increased by 12 per cent in a year, for instance, and services sector inflation as a whole has risen noticeably since last summer to about 3.5 per

cent while goods inflation has tumbled to about 1.5 per cent. True, the more extreme fears about price rises in the services sector eased this week when official estimates of 5 per cent pay inflation were downgraded to 4.75 per cent. All the same, the UK labour market is tightening quite quickly.

Goods prices, however, are subdued the world over. British factory gate prices have risen only 0.8 per cent in a year and, in fact, they have dropped by 0.6 per cent in the US. Some big productivity gains are being exploited and commodity prices - especially for energy - have been subdued recently. Global competition has become a powerful factor in many industries.

So, is the Bank of England too hawkish about inflation, and over-awed by its own new responsibilities? It does not seem to share all the optimism of the

financial markets, which have been inspired by global research showing that central bank independence is correlated strongly with low inflation.

Of course, the markets are making a long-term judgment which, anyway, does not fit within the Bank's two-year forecasting horizon. But the crowds in the markets are too pleased easily by dramatic gestures. They loudly cheered both the UK's entry to the European exchange rate mechanism in 1990 and the subsequent shamed withdrawal in 1992. They did not think clearly enough about the need for adjustment.

Coming up to date, the Bank committee's power to set interest rates will count for little if it cannot establish a working relationship with the Treasury over fiscal policy, and if it cannot regulate the financial system to prevent credit and the money supply rising persistently faster than in other countries.

Meanwhile, the Bank must beware of shocks that might trigger the latent inflationary potential. One might come from the demand effect of this year's demutualisation windfalls, now fervently calculated - to a value of £28bn. Another might emerge from the puncturing of the sterling bubble. Thirdly, commodity prices could surge as the global economy accelerates.

Three miles away in Islington, though, home owners hope the Bank will not be too successful. They have a different target, at least for house prices.

Offshore managed funds and UK managed funds are listed in Section One

Last week's preliminary results

| Company | Sector | Year | Pre-tax profit (2000) | Earnings per share (p) | Dividends per share (p) |
|--------------|--------|------|-----------------------|------------------------|-------------------------|
| APV | Ind | Dec | 1,400 (853) | 1.4 | 0.75 |
| Alcatel | Tele | Mar | 3,500 (2,500) | 3.5 | 1.8 |
| BT | Tele | Mar | 3,200 (2,000) | 3.2 | 1.8 |
| BT & Telecom | Tele | Mar | 3,200 (2,000) | 3.2 | 1.8 |
| BT & Telecom | Tele | Mar | 3,200 (2,000) | 3.2 | 1.8 |
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| BT & Telecom | Tele | Mar | 3,200 (2,000) | 3.2 | 1.8 |
| BT & Telecom | Tele | Mar | 3,200 (2,000) | 3.2 | 1.8 |
| BT & Telecom | Tele | Mar | 3,200 (2,000) | 3.2 | 1.8 |

Last week's interim results

| Company | Sector | Year | Pre-tax profit (2000) | Earnings per share (p) | Dividends per share (p) |
|--------------|--------|------|-----------------------|------------------------|-------------------------|
| APV | Ind | Dec | 1,400 (853) | 1.4 | 0.75 |
| Alcatel | Tele | Mar | 3,500 (2,500) | 3.5 | 1.8 |
| BT | Tele | Mar | 3,200 (2,000) | 3.2 | 1.8 |
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| BT & Telecom | Tele | Mar | 3,200 (2,000) | 3.2 | 1.8 |

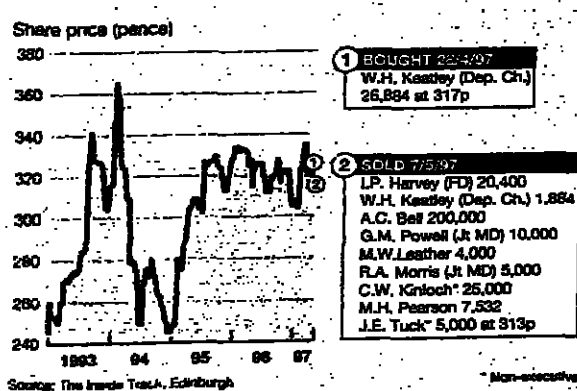
Results due next week

| Company | Sector | Year | Pre-tax profit (2000) | Earnings per share (p) | Dividends per share (p) |
|--------------|--------|------|-----------------------|------------------------|-------------------------|
| APV | Ind | Dec | 1,400 (853) | 1.4 | 0.75 |
| Alcatel | Tele | Mar | 3,500 (2,500) | 3.5 | 1.8 |
| BT | Tele | Mar | 3,200 (2,000) | 3.2 | 1.8 |
| BT & Telecom | Tele | Mar | 3,200 (2,000) | 3.2 | 1.8 |
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| BT & Telecom | Tele | Mar | 3,200 (2,000) | 3.2 | 1.8 |
| BT & Telecom | Tele | Mar | 3,200 (2,000) | 3.2 | 1.8 |

Directors' share dealings

| Company | Sector | Year | Pre-tax profit (2000) | Earnings per share (p) | Dividends per share (p) |
|--------------|--------|------|-----------------------|------------------------|-------------------------|
| APV | Ind | Dec | 1,400 (853) | 1.4 | 0.75 |
| Alcatel | Tele | Mar | 3,500 (2,500) | 3.5 | 1.8 |
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| BT & Telecom | Tele | Mar | 3,200 (2,000) | 3.2 | 1.8 |
| BT & Telecom | Tele | Mar | 3,200 (2,000) | 3.2 | 1.8 |

Rathbone Brothers



Directors' dealings

It is unusual to see nine directors selling shares at the same time but this happened at Rathbone Brothers, the investment bank, writes Ian Forrest.

They sold 278,816 shares between them at 313p each. They were led by Alan Bell, an executive director, who sold 200,000 shares.

Correction to last week's table: Domestic & General do not go into their closed period for another two months since their final results are not until September.

Bids / deals

Siebe's long arm strikes again

Siebe, the engineering group, emerged this week as the bidder for APV, announcing a £331.3m recommended offer for its UK rival - 11 years after its first bid failed. But GEA of Germany might yet launch a rival offer, writes Virginia Marsh.

Zeeca, the UK's third-largest drug company, is to spend \$46m buying a majority stake in Mogen International, a Dutch plant biotechnology company which specialises in genetically modifying crops.

De La Rue, the banknote printer, is acquiring the smart card business of Philips, the electronics group, for £51.2m.

And Prince Charles' suit-maker might soon be owned by a Singapore textiles group. USI Holdings, the Hong Kong unit of Wing Tai, made a cash offer for Siebe & Hawkes, the quintessentially English gentlemen's outfitters based at No.1 Savile Row.

The offer values the group, which also includes Kolknerbox, the struggling lingerie chain, at £8.6m.

Current takeover bids and mergers

| Company | Sector | Year | Pre-tax profit (2000) | Earnings per share (p) | Dividends per share (p) |
|--------------|--------|------|-----------------------|------------------------|-------------------------|
| APV | Ind | Dec | 1,400 (853) | 1.4 | 0.75 |
| Alcatel | Tele | Mar | 3,500 (2,500) | 3.5 | 1.8 |
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| BT & Telecom | Tele | Mar | 3,200 (2,000) | 3.2 | 1.8 |
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In the Pink

Opening up that much, much bigger oyster

John Train identifies a glittering future on a global scale for the very smartest of operators

John Train is chairman of Montrose Advisers, an investment manager in New York City

For some great American growth companies, the world is their oyster - but it is becoming a much, much bigger oyster. Not long ago, Intel's new project manager asked chief executive Andrew Grove for \$50m for an investment. "Come back when you can tell me how you're going to invest a billion dollars," he replied.

Consider this. Last year, Intel spent \$50m on capital projects. Every nine months or so, it completes a new microchip plant somewhere in the world, at \$20m each. Not only that, it builds its plants about two years before they are needed.

Last year, I visited two supermarkets across the street from each other in Valparaiso, Chile. As we drove away, I asked my colleagues if they had noticed a product that had no competitor in either store. It was Duracell, the battery which you often find just at the check-out counter. Usually, its neighbour in that position is Gillette.

Duracell and Gillette have long been among my favourite "oyster" stocks. They have dominance in their fields world-wide and

Group for 17: McDonald's for 18.8. Not bad.

Of course, the real question is: will the growth in the increasingly free enterprise third world economies - China, India, much of South America and the rest - continue? I think so.

Living next door to the Chile boom, the Argentines will find it almost impossible to turn back. The liberalising and resulting prosperity of the Argentine economy should act as an inspiration to the Brazilians, the giants of

when the war ended. And, since their elderly factories had been blown up in the hostilities, they were able to buy the latest and gain a jump start into the new age.

Today, the information age brings a new surge in productivity, particularly to the developing world. Areas such as China and Africa enjoy an advantage, as Japan and Germany did before them.

When the time comes to develop a modern transport system, they do not have to go through the long evolution that we did in the west: they can order an entire airline at one go.

They can go straight to the most modern telecommunications and the computer, dancing over the intervening stages. So, national growth is excellent and the best-situated companies are booming.

The lesson of all this is twofold. First, don't own a company that cannot withstand world-scale competition. Some global enterprise will appear soon enough and destroy its margins.

Second, the best companies to own are those which have fought their way to the top in their own regions, and are now indomitable global competitors. They have a prodigious future, which we can see unfolding every day.

A decimal point was misplaced in John Train's column on investor sentiment, published on April 12. It should have reported a Harris poll as showing that 37.9 per cent of people questioned did not expect to see a year with a market decline of 20 per cent.

Intel's Pentium microprocessor contains 5.5m transistors. By 2011, says Grove, it will contain 1bn.

Here, though, is the real point. China is buying Pentium chips at a prodigious rate: indeed, almost as fast as the US. Grove claims that Intel will have double-digit growth from Asian demand alone for years and years ahead.

Here are some other examples of my general point. China, which is becoming one vast construction site, installs four times more escalators every year than the US. Coca-Cola, McDonald's and Philip Morris are respectively the biggest Japanese soft drink, fast food and cigarette companies in spite of Japan's continuing obstruction of foreign access to its markets.

their recent merger was a brilliant stroke.

To sum up, US exports are rising three times as fast as the overall economy before including sales by offshore affiliates. But a number of my "oyster" companies recently have achieved market recognition that has made them price investments. I am not so enchanted with Coca-Cola or the merged Duracell Gillette at more than 30 times earnings.

Still, many are still selling at price/earnings ratios that seem attractive compared with their probable growth rates.

Here are some examples. Intel itself recently was selling for 15 times 1997 earnings; Citicorp for 12.6 times; Reuters for 17; American International

that continent. Similarly, the examples of Taiwan and Hong Kong before its very eyes make it exceedingly unlikely that China will reverse course.

There was a moment like today's in western history when mass production replaced that by artisans. In the first half of the 19th century, real economic growth was not much more than 1 per cent a year. In the period before the first world war, however, that rate doubled.

Then, between the second world war and the 1973 oil crisis, real growth rose toward 5 per cent. One reason was, of course, the re-equipping of the wartime losers, Japan and Germany. Both have such intelligent and diligent workforces that capital formation resumed at a brisk pace

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FT WEEKEND

True Fiction

A duty-free shop in every foyer

James Morgan went to a Norwich theatre to see how the future will be financed

Sandra Cass has been given the most crucial role in the New Britain. She has been told to "think the unthinkable, sink the unsinkable" in Tony Blair's Stainless Steel Kitchen Cabinet. Her credo runs: "A Tony Blair British government should leave no idea unconsidered, no white elephant unshot, no slate paving stone unturned." Her first scheme has already been tried out. But few know it.

Let me begin at the beginning, for I am pleased to have played a minor but manipulative role here. Shortly before the recent general election, I found myself in the company of Cass and we fell to discussing the strong views of the Scotch whisky industry, which had been fretting over the future of an integral part of our heritage, duty-free shopping facilities at British airports.

The Scotch people argued that a Brussels directive abolishing tax-free shopping for anyone

travelling within the European Union would lead to a loss of government revenue. And, importantly, what other treat could distract frangible passengers waiting for delayed flights?

Some may be surprised that careful calculations show the government might lose out by doing away with duty free. They would be unaware that Arthur Laffer convincingly demonstrated more than 20 years ago how revenues diminish as tax rates rose, and how the converse was also true and significantly more pleasant.

But even that gifted economist did not suggest that a tax rate of zero could increase receipts.

Yet the facts of duty-free shop-

ping are simple. One buys items which, in normal circumstances, one would never contemplate: a bottle of Classic Confederate Tennessee bourbon perhaps; 200 Havana cigars made in Belize; a macramé brooch tricked out with silver and kopax for the wife; and a half-litre of Nut d'Amour for the mistress.

The store makes a huge profit, the airport charges a huge sum for the franchise, the government gets a huge slice of the profits. But, remove the privilege, and the concession, and you are pulling at the thread that could bring down capitalism.

Cass decried that prospect as "the doomsday scenario at

the heart of the black hole in the government's finances". She was charged with finding new sources of revenue, to plug gaps and to bolster some of the New Government's favourite schemes. The biggest problem was finding cash for arts and education, as the idea of plundering the lottery scratch-card pot had not been well received.

So, during the election campaign, Cass drew up a paper which has been the talk of every insider's dinner party from Downing Street to Islington and Hay-on-Wye at the weekends. She wrote: "The concept of 'zero fiscal' is one that has been entirely overlooked in the now widespread literature on revenue enhancement. Not only that, its capacity to reduce the burden bearing down on public expenditure has never been examined."

I am glad to say that the first experiment was a huge success, though the wider public is yet to be told. Back in January, East Anglia Arts Collective (EAAC) put on a season of modern Albanian opera. The project would support the cultural revival of a hard-pressed country where the arts receive little attention.

There was also a need to give Albanian artists and creators wider exposure. And it was felt that the British public was insufficiently familiar with many aspects of contemporary

Albanian culture - whether of the communist era or post-1990.

So EAAC decided to support productions of the work of the prominent composer, Bashi Fato, who was born in Albania's second city, Durrës, in 1953. When only 30 he wrote a remarkable piece entitled *The First Savage Farm*, which officially celebrated the achievements of socialism but appeared to many as a veiled satire on the country's Stalinist dictator, Enver Hoxha.

But EAAC banked at the cost of staging what was a lavish production - three top-class tenors and a chorus of 100 farm workers. Yet, last week this five-hour work played to full houses

at the Theatre Royal, Norwich, even though the cheapest ticket cost £35.

And the stars of the show? The duty-free shops in what had once been the theatre's bars. They opened one hour after the performance started and closed 40 minutes before the end. Interval was extended to an hour.

Cass secured me a pass for the third night. Happy opera-goers emerged with bags packed with bottles of Black Label, cartons of Milk Tray chocolates, bottles of perfume and finely worked porcelain models of 18th century milkmaids.

Cass was delighted with the budgetary implications: "We shall now install similar facilities in the British Museum, the V&A and various provincial art galleries. We will mandate intervals of at least 70 minutes and, for the sake of Brussels, opera tickets will now be known as boarding passes."

James Morgan is economics correspondent of the BBC World Service.



Metropolis

Murderous crowds in the melting pot

The other morning, a man kicked me on the shin. Then he kicked me again. If I had had a derring in my handbag I might have shot him between the eyes, such was my crossness. But we were locked so tightly together that only a feat of magical dexterity would have permitted me to transfer the pistol from bag to palm and blow him away.

He had kicked me accidentally. He was trying to turn round. We were travelling on the London Underground, and had reached his station. The time was 10.50am - not exactly the rush-hour. Yet our train was so packed that the man, who had been wedged against me, missed his stop. A ruffian he was not. He was a pin-striped thirtysomething with an alligator briefcase. And he apologised for kicking me.

You do not need to be a social scientist to see that central London is getting crowded and jostler. People who live and work in London feel increasingly harassed.

Practically every day, as they go about their business, they find

As more people battle for space in London, Michael Thompson-Noel imagines a new class of homicide themselves bumped off pavements, blundered into in department stores, shoved up and down escalators and extruded on to Tubes and buses. Where will it all end? That is what I wonder.

London is an outstanding city. On a number of criteria, most fair-minded cosmopolites would rate it among the world's top four or five cities. Overall, it would be hard to claim that London did not rank among the world's top seven or eight cities.

Last October, announcing an advertising campaign to promote "a more modern and vibrant image" of London among affluent urban professionals in six US cities, including New York, Chicago and Los Angeles, the London Tourist Board's managing director said his research was telling him "that the average American [thinks] of London as a bit of a living museum, when in fact we are now firmly at the cutting edge of fashion, eating out and nightlife".

London is the world's arts and cultural capital. Almost no one argues with that. It has become

an international centre of style and of cuisine. It knows how to party: London has in excess of 11,000 restaurants, wine bars, clubs and pubs. It has more than 1,000 hotels, some of them among the world's most distinguished, and more than 30,000 shops, from big to small. And London is what the Department of National Heritage, in fatigued heritage-speak, calls a "melting pot": 33 different national communities of more than 10,000 people each.

Bully for London. But it has its problems, some of them common the world over, such as looming traffic gridlock and unacceptably high pollution, especially NO_x and SO_x emissions. Yet the extra crowding now afflicting London is caused by the success and fashionableness which those who market it so ardently to overseas visitors proclaim so vigorously.

Not that London hasn't almost always been crowded. Perhaps all cities, most of which used to be girt by walls, have always felt crowded, for cities are magnets. They are supposed to attract crowds. Cities that repel crowds

tend to be in their death throes.

A man who knows London well is A.N. Wilson, a novelist and biographer, who says those "who would see suffering at first hand could do worse than pace the streets of London. This is not because there are so many poor

Skilled marketing of the capital is sucking in more and more people

people: it is simply because there are so many people."

London is not a great capital city in the planned, grandiose sense of Paris, Rome or St Petersburg, he says. It has evolved haphazardly. No despot was ever in a position to raze London and start again. The Great Fire of 1666 put an end to plague, pestilence, over-crowding, crime and

vagrancy for a while. But then the same capitalistic processes that had caused its pre-1666 problems appeared once more, making London "grossly richer, miserably poorer, ever larger".

London has not been much of a royal place, nor, in essence, an aristocratic one. "Its grandees," says Wilson, "have been merchants and businessmen; its raison d'être has been commerce; its flavour unashamedly bourgeois." Very largely, he maintains, it has been inhabited by "nobodies".

And nobody is in charge of it today. There is no single, elected, city-wide authority running London. Rightly or wrongly, Londoners attribute the growing transportation horrors that afflict them to the former national Conservative government's abolition of the Greater London Council in 1986. However, the UK's new Labour government plans to revitalise the running of London.

When they are not fuming in their cars, Londoners clomp, with difficulty, into dinkily - even dangerously - cramped Tube stations and trains. Years of under-

investment (many reckon) have pushed the Underground towards collapse. Yet passenger numbers are swelling. Fifteen years ago, there were 496m passenger journeys on the Tube in a year. In 1988-89: 815m. Then the number fell, because of recession and increases in real fares. But it is frisking higher again. In 1995-96, there were 784m passenger journeys on the Tube.

Crowding can be fine when people seek it out. In London, crowdedness is mainly concentrated in the West End, where theatres, restaurants, pubs and nightclubs are most numerous. On Friday and Saturday nights, London's crowdedness is animalistic and arousing, or just exciting (unless you get a beer glass in your face).

But all the while, skilled marketing is sucking in more and more people. Total visitors to London four years ago numbered 17.4m, including 10.2m from overseas. This year, 26.1m visitors are expected, including 15.2m from overseas. They'll spend an estimated £3.63bn, all but £1bn of it

accounted for by those from overseas.

Yet London wants more. "We must market London imaginatively and aggressively if we are to outpace the fierce competition from other world cities," said the London Tourist Board last autumn.

Where will it all end? I have lived and worked in London for 28 years, and I reckon that things will get a lot stickier (global warming) and crowdier (slick marketing and clapped-out infrastructure) before they improve. They may even get perilous.

Soon, the police may recognise a new category of homicide: trivial murder. Serious murder would still be a problem. But trivial murder might prove contagious. It would be a trivial murder if a man travelling to work on the Underground shot a fellow passenger with a derring because the second man, frantic not to miss his stop, kicked the first man on the shin while attempting to turn round in order to exit the carriage. And then kicked him again.

Trivial murder. It might become a trend.

Arcadia

United with my little black rock

Paddy Linehan enjoys VIP treatment for a return trip to his gold mine in Kazakhstan

I own part of a gold mine in the north of Kazakhstan and a small house in the south of Ireland. These are my only pieces of real estate so I have to take good care of them. I worked hard at the piece of ground around the house. I developed a nice vegetable plot and was even growing asparagus. I put in a pond and rare miniature conifers and in the evening I relaxed with the TV and watched my gold shares grow.

They did. Dramatically for a while. Then they plummeted. They were the only shares I had ever owned and I didn't know this kind of thing happened. I phoned the broker I had bought them from. I thought there may be something one can do, like if you buy goods you are not satisfied with. She said: "You should have set a stop loss price."

I didn't know what she meant and when I found out there was not a lot I could do. I decided to look into what was happening. The shares had lost two thirds of their value - there had to be a reason.

First, I found out where the mine was. It was in a place called Kazakhstan. Strange spot. Hard

to find on the map though it's the ninth biggest country in the world and formerly part of the Soviet Union. Nevertheless I would go there. After a lot of asking around, I found a very cheap flight in a bucket shop. The aircraft was going to India so I had to get off at Tashkent in Uzbekistan. I then had to go on a 24-hour overnight bus journey to Almaty the capital of Kazakhstan, another flight, a helicopter ride and an arduous journey in a Lada driven by a huge, rough man called Sergei before I got anywhere near the mine.

On arrival I was greeted by a 7ft Kazakh guarding the gate. We had a serious altercation which resulted in him telling me in Russian to "go home you foreign dog" while brandishing his gun. I don't normally give in to bullying but the gun helped convince me

to concede defeat.

Defeat was not complete however. Soon after my return I received a phone call from a man who owns the biggest share of the mine. He was an absolute gentleman and said he had heard about my aborted visit. Then invited me over saying he would tell me everything I wanted to know. He also reassured me that my shares were not a bad buy. "They'll come good," he opined.

I told him I couldn't go just then because of the asparagus. But he understood, saying he would not recommend winter time either because of the weather. So we decided on Easter.

This time, I travelled on a big-name airline flying by Germany. At Almaty airport I was met by a man called Sergei and whisked off to the VIP lounge. This Sergei

was blonde, polite and a linguist, not a bit like the last Sergei with the Lada. Sergei 2 also had a four-wheeled drive vehicle and a driver.

I decided to look enigmatic in the VIP lounge where Sergei bought me a drink and took my documents to do all that nasty dealing about luggage and visas. He then took me to a magnificent marble hotel. My room was wonderful - the porter opened the door with a plastic card, which he also slotted into the wall. The room instantly knew everything about me. It talked. The TV came on automatically and said: "Bak-yrchik Gold welcomes Paddy Linehan to Kazakhstan..." Bak-yrchik Gold is the name of my mine. It told me that I was booked on to another flight the next day to Oust Komenogorsk, close to the mine.

The next day a car duly arrived with a director on board. I'm not used to talking to executives and as a small investor in the mine felt a little intimidated. But the chap was ordinary enough. He got down to business and on the way to the airport explained all the little things that had been worrying me.

"The shareholders are our concern. Big or small we listen to everything they say." He explained all the problems they had at the mine and the steps they took to correct them. By the time we got to the airport I was pretty well briefed and felt my investment was in good hands.

After the flight I once again had to travel some way by car to reach the mine. The terrain ranks among the most hostile on earth but this time I travelled in a Land Cruiser and not a Lada,

and not with Sergei the driver swearing every time a piece of the Lada spun off into the infinite steppe. Then, it had been a punishing 40°C, but this time it was well below zero. I nostalgically kept a look-out for nine-month old bits of Lada but didn't spot any. And although I relished the luxury of the Land Cruiser, I couldn't help feeling a little sentimental about my first trip and all those wonderful Russian expatriates I had learned from Sergei. I considered reminding with the smooth executive and the driver but thought better of it - they wouldn't understand.

As the car drew nearer to the mine entrance I felt a slight sense of trepidation - the gun-toting guard was still on duty. This time, however, it was his hand he was brandishing, through the car window to shake

with mine. Although I couldn't quite translate what he was saying, I sensed I was no longer a "foreign dog". "A man's got to do what a man's got to do," was probably the gist of it. And he was right. I stayed three days.

On the third day, I visited the Gold Face. After travelling 5,000 miles to see it, the long downward trek with a flash light bobbing on my forehead seemed little trouble. The gold wasn't quite stacked up in blocks like Fort Knox but a good scattering of it could be seen among the black rock. My guide picked up a lump of rock and to my surprise handed it to me saying: "Here you are Paddy, a souvenir of Bak-yrchik Gold." I was overcome.

The lump now sits on my desk. It's not that impressive, not to those who ask "what's that lump of coal doing on your desk?"

But when the sun shines on it, it twinkles at me and I smile back. We went to a lot of trouble to be united.